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Senate

The Senate met at 11:59 a.m., and was called to order by the President pro tempore [Mr. THURMOND].

PRAYER

The Chaplain, Dr. Lloyd John Ogilvie, offered the following prayer:

Lord of creation, You have written Your signature in the bursting beauty of this magnificent spring morning in our Nation's Capital. The breathtaking splendor of the cherry blossoms are about to blanket the city with fairyland wonder. The daffodils and crocuses have opened to express Your glory. Now Lord, tune our hearts to join with all of nature in singing Your praise.

We thank You for the rebirth of hope that comes with this season of renewal and resurrection. You remind us, ''Behold I make all things new.'' As the seeds and bulbs have germinated in the earth, so You have prepared us to burst forth in newness of life. We forget the former things and claim Your new beginnings for us. Help us to accept Your forgiveness and become giving and forgiving people. Clean out the hurting memories of our hearts so that we may be open channels for Your vibrant, creative spirit as we tackle problems and grasp the possibilities of this day.

Lord, we want to live this day in the flow of Your grace. We put You and truth first, our Nation and its future second, and our party third. Help us not to reverse the order. For the sake of the future of our beloved Nation and by Your power, through our Lord and Saviour. Amen.

RECOGNITION OF THE MAJORITY LEADER

The PRESIDENT pro tempore. The able majority leader is recognized.

Mr. LOTT. I thank the Chair.

ORDER OF PROCEDURE

Mr. LOTT. Mr. President, I ask unanimous consent that the routine requests through the morning hour be granted.

The PRESIDENT pro tempore. Without objection, it is so ordered.

MORNING BUSINESS

Mr. LOTT. Mr. President, I ask unanimous consent that there now be a period of morning business.

The PRESIDENT pro tempore. Without objection, it is so ordered.

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Williams, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session the Presiding Officer laid before the Senate messages from the President of the United States submitting sundry nominations which were referred to the appropriate committees.

(The nominations received today are printed at the end of the Senate proceedings.)

MEASURE PLACED ON THE CALENDAR

The following measure was read the second time and placed on the calendar:

H.R. 1122. An act to amend title 18, United States Code, to ban partial-birth abortions.

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. KYL:

S. 512. A bill to amend chapter 47 of title 18, United States Code, relating to identity fraud, and for other purposes; to the Committee on the Judiciary.

By Mr. MACK (for himself, Mr. D'AMATO, Mr. BOND, and Mr. BENNETT):

S. 513. A bill to reform the multifamily rental assisted housing programs of the Federal Government, maintain the affordability and availability of low-income housing, and for other purposes; to the Committee on Banking, Housing, and Urban Affairs.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. KYL:

S. 512. A bill to amend chapter 47 of title 18, United States Code, relating to identity fraud, and for other purposes.

THE IDENTITY THEFT AND ASSUMPTION DETERRENCE ACT OF 1997

Mr. KYL. Mr. President, with increasing frequency, criminals are using the Social Security numbers and other personal information of law-abiding citizens to assume their identity and take their money. Identity fraud can be more serious than a criminal picking someone's pocket and lifting cash or a credit card. Identity theft involves criminals—who may have ties with international criminal syndicates—obtaining enough information on another person that they can open up new credit card accounts in the law-abiding person's name. Some call identity theft high-technology bank robbery. But law-enforcement officials say committing identity fraud is easier than robbing a bank.

Identity fraud is one of the fastest growing financial crimes. An alarming 2,000 cases occur each week. Credit-card fraud losses—the major financial loss in personal-identity thefts—may amount to as much as $2 billion a year.

The statistics don't reveal the hardship these crimes can cause. Imagine the anxiety of knowing that a criminal has been able to gain hold of your most personal identification information to open credit cards or apply for loans in your name. Even when fraudulent charges are cleared from a victim's financial records, he or she cannot be sure that the perpetrator of the crime

won't strike again. Moreover, thousands can be spent to repair a tarnished credit rating. As the victim attempts to untangle the mess caused by an identity thief, phone service may be disconnected or a victim may face difficulty in securing a mortgage.

I would like to discuss the case of a constituent, Bob Hartle, who has spent many hours working with my staff on the identity-theft proposal. Mr. Hartle served as the inspiration for an Arizona State law which, like the bill I am introducing, makes it a felony to steal another person's identity. I thank Mr. Hartle for all of his help.

Bob Hartle's experience with an identity thief illustrates the seriousness of these crimes. The man who victimized Mr. Hartle was sentenced to 17 months in Federal prison for using false names—not Mr. Hartle's; the criminal had misappropriated other law-abiding citizens' names—in order to buy a gun and open up a credit card account. The criminal possessed enough information to have a driver's license and credit cards issued in Mr. Hartle's name. With these credit cards, the criminal made purchases under Mr. Hartle's name that exceeded $100,000. While trashing Mr. Hartle's credit, and carrying a license as Mr. Hartle in his wallet, the identity thief was busy committing serious crimes. Mr. Hartle has spent over $10,000 trying to clear his good name and credit. He did not receive a restitution payment. The assistant U.S. attorney who prosecuted the case was quoted in a 1995 news story as saying that, ''Hartle may never get his full share from the courts. * * * All we can do is prosecute this under the powers given to us by law.''

Restitution was not available to him because, although many of the actions attendant upon identity theft do violate Federal law—that is, credit card fraud, using false names—the actual assumption of another's identity does not. Consequently, individual victims of these offenses are not entitled to restitution.

The criminal who ripped off Mr. Hartle's identity committed several such crimes throughout the United States before he was finally apprehended. Acting alone, he caused great damage and hardship. But a new breed of identity-fraud criminal has emerged that poses an even greater threat to citizens. Sophisticated international criminal syndicates, some of which have penetrated the Social Security Administration and other agencies or companies with access to private personal information, are engaging in identity-fraud scams of a magnitude unimaginable a few years ago.

For example, the New York Post reported on December 29 that ''A brazen city-based ring of con artists has been lifting personal information about hundreds of New Yorkers and using it to get credit cards and run up huge bills.'' This ring of Nigerian nationals applies for credit cards with banks ''after snatching identifying data about unsuspecting victims.'' Identity-fraud syndicates such as these obtain Social Security numbers and other personal information to perpetrate their scams in myriad ways: stealing mail; collecting credit-card receipts; running license plates through DMV records; posing as a loan officer and ordering a credit report; purchasing information from corrupt governmental and private employees with access to personal information.

One of the reasons I elected to chair the Senate Judiciary Committee's Subcommittee on Technology, Terrorism, and Government Information was to ensure that the law keep pace with technology. The Secret Service, which is responsible for investigating financial fraud crimes, believes Federal fraud laws could be improved, to better protect people like Mr. Hartle, and I thank the agency for all of its help in drafting the bill. Rather than amend the Federal fraud laws, my proposal creates a separate statute for identity-fraud offenses, which I am told will make this crime easier to investigate and prosecute. When the fraud laws were drafted, the law-enforcement community was contending with counterfeiters who manufactured, distributed, and used ID's that were pieces of paper. Identity-fraud schemes were not nearly as prevalent in that pre-electronic era as they are today.

As mentioned above, individual victims of fraud offenses—who, like Mr. Hartle, are generally not eligible for restitution under current law—could receive restitution under my proposal. Additionally, the act allows law enforcement to seize equipment—contraband—used to produce false documents. Penalties are scaled to reflect the number of victims, not just the dollar amount of the fraud.

Moreover, the proposal requires the Secret Service to collect statistics on identity fraud offenses. Statistics on identity fraud are rough; we need to know more about the extent of the problem.

And finally, the bill directs the Secretary of the Treasury and the Chairman of the Federal Trade Commission to conduct a comprehensive study of: the nature, extent, and causes of identity fraud; the threat posed by identity fraud to financial institutions and payment systems; and the threat to consumer safety and privacy. The results of the study will be submitted to Congress with specific recommendations for legislation to address the problem of identity theft. This study is very important. Access to confidential information facilitates credit-card identity assumption scams. With identity fraud rising, we must continually reevaluate statutes regulating consumer privacy.

This is the other side of the coin when it comes to deterring this kind of fraud. We need to go after criminal activity when it occurs, but we also must prevent the careless circulation of personal information to begin with.

In fact, action has already been taken by Congress to better protect private identity information. In September, the Driver's Privacy Protection Act of 1994 goes into effect to restrict release and use of certain personal information from State motor vehicle records. Other efforts are underway. In August, the FTC—responding to suggestions that Social Security numbers were easily available on the Internet—held a staff meeting to exchange information on consumer identity fraud, and following the meeting suggested that Congress consider legislation to tighten restrictions on the release of private identity information.

The bill I am introducing today is targeted at the criminals: those who perpetrate identity theft crimes. Congress will need to consider other measures seeking the assistance of the custodians of personal identity information to make identity theft crimes more difficult to commit. I believe that my bill represents a solid first effort to combat identity theft, and I request that my colleagues support the Identity Theft and Assumption Deterrence Act.

By Mr. MACK (for himself, Mr. D'AMATO, MR. BOND, AND MR. BENNETT):

S. 513. A bill to reform the multifamily rental assisted housing programs of the Federal Government, maintain the affordability and availability of low-income housing, and for other purposes; to the Committee on Banking, Housing, and Urban Affairs.

THE MULTIFAMILY ASSISTED HOUSING REFORM AND AFFORDABILITY ACT OF 1997

Mr. MACK. Mr. President, I am pleased to introduce, on behalf of Senators D'AMATO, BOND, and BENNETT, the Multifamily Assisted Housing Reform and Affordability Act of 1997. This bill is a serious effort to reform the Nation's assisted and insured multifamily housing portfolio in a responsible manner that balances both fiscal and public policy goals. This legislation will save scarce Federal subsidy dollars while preserving the affordability and availability of decent and safe rental housing for lower income households.

About 20 years ago, the Federal Government encouraged private developers to construct affordable rental housing by providing mortgage insurance through the Federal Housing Administration [FHA] and rental housing assistance through the Department of Housing and Urban Development's [HUD] project-based section 8 program. In addition, tax incentives for the development of low-income housing were provided through the Tax Code until 1986.

This combination of financial incentives resulted in the creation of thousands of decent, safe, and affordable housing properties. However, flaws in the section 8 rental assistance program allowed owners to receive more Federal dollars in rental subsidy than were necessary to maintain the properties as

decent and affordable rental housing, and we are beginning to pay the price for excessive rental subsidies. A recent HUD study found that almost two-thirds of assisted properties have comparable rents greater than comparable market rents, in some cases almost 200 percent of area market rents.

In addition, like the severely distressed public housing stock, some of these section 8 projects have become targets and havens for crime and drug activities. Thus, in some cases, taxpayers are paying costly subsidies for inferior housing. We believe that a policy that pays excessive rental subsidies for housing is not fair to the American taxpayer, nor can it be sustained in the current budget climate.

It is widely understood that there is a funding crisis in the renewal of HUD's expiring section 8 rental assistance contracts. Indeed, HUD Secretary Cuomo has called the section 8 contract renewal problem ''the greatest crisis HUD has ever faced.'' The contract renewal problem involves all of HUD's section 8 inventory, both project-based and tenant-based—in all more than 3 million units of low-income housing. The new budget authority needed to renew expiring contracts at current levels will grow from $3.6 billion in the current fiscal year to almost $10 billion in fiscal year 1998 to an estimated $18 billion in fiscal year 2002.

Over the next several years, a majority of the section 8 contracts on the 8,500 FHA-insured properties will expire. If contracts continue to be renewed at existing levels, the cost of renewing these contracts will grow from about $2 billion in fiscal year 1998 to $5.2 billion in fiscal year 2002 and more than $7.7 billion 10 years from now. Thus, the project-based section 8 inventory, which is addressed in this legislation, is a significant part of the overall section 8 renewal problem.

The implications of not renewing project-based section 8 contracts are potentially devastating. Without renewals, most of the FHA-insured and section 8-assisted multifamily mortgages—with an unpaid principal balance of $18 billion—will default and result in claims on the FHA insurance funds. This could lead to more severe actions, such as foreclosure, which will adversely affect residents and communities.

Federally assisted and insured housing serves almost 1.6 million families with an average annual income of $7,000. About half of the households are elderly or contain persons with disabilities. Many of these developments are located in rural areas where no other rental housing exists. Some of these properties serve as anchors of neighborhoods where the economic stability of the neighborhood is dependent on the vitality of these properties.

The Multifamily Assisted Housing Reform and Affordability Act addresses the problem of expiring section 8 project-based assistance contracts through a new, comprehensive structure that provides a wide variety of tools to address the spiraling costs of section 8 assistance without harming residents or communities. The bill will reduce the long-term ongoing costs of Federal subsidies by reducing rents to a level that more closely approximates market area rents and restructuring the underlying debt insured by the FHA. The bill also contains a provision that will minimize the potential adverse tax consequences to owners that result from debt restructuring.

The bill also recognizes that HUD lacks the staffing capacity and expertise to oversee effectively its portfolio of multifamily housing properties or to administer a debt restructuring program. Indeed, one of the principal problems with developing a portfolio restructuring proposal has been the lack of good information on the characteristics or the condition of the properties in FHA's multifamily mortgage portfolio. Accordingly, the bill would transfer the functions and responsibilities of the restructuring program to capable State and local housing finance agencies, who would act as participating administrative entities in managing this program.

The bill provides incentives to administering entities to ensure that the American taxpayer is paying the least amount of money required to provide decent, safe, and affordable housing. Any amount of incentives provided to State and local entities would only be used for low-income housing purposes.

Owners who clearly violate housing quality standards would no longer be tolerated. The bill screens out bad owners and managers and nonviable projects from the inventory and provides tougher and more effective enforcement tools that will minimize fraud and abuse of FHA insurance and assisted housing programs.

Last, the bill provides tools to recapitalize the assisted stock that suffers from deferred maintenance. It provides the opportunity for tenants, local governments, and the community in which the project is located to participate in the restructuring process in a meaningful way. Residents would also be empowered through opportunities to purchase properties.

Mr. President, I would like to emphasize how important it is to address this issue this year. Delays will only harm the assisted housing stock, its residents and communities, and the financial stability of the FHA insurance funds. I would add that, as we face an explosion in the cost of section 8 contract renewals, we cannot afford to pay more than is reasonable to renew expiring contracts. There is strong support on both sides of the aisle to renew all expiring section 8 contracts next year. But to an extent, the future credibility of the section 8 program, which is so important to 3 million families, depends on our ability to control costs today.

This legislation will protect the Federal Government's investment in assisted housing and ensure that participating administrative entities are held accountable for their activities. It is also our goal that this process will ensure the long-term viability of these projects with minimal Federal involvement. It is a sincere effort to reduce the cost to the Federal Government while recognizing the needs of low-income families and communities throughout the Nation.

In closing, I also want to express my hope that the administration will begin to play an active and constructive role in dealing with this section 8 issue. For the last 2 years, we have waited for a concrete administration proposal for portfolio restructuring, but we have received nothing but a series of concept papers and statements of principles. We cannot wait much longer for the administration to come to the table with a serious proposal to deal with a critical budget problem that could affect all of HUD's programs.

Mr. President, I ask unanimous consent that the text of the bill and summary be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

S. 513

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the ''Multifamily Assisted Housing Reform and Affordability Act of 1997''.

(b) TABLE OF CONTENTS.—The table of contents for this Act is as follows:

(a) FINDINGS.—The Congress finds that—

(1) there exists throughout the Nation a need for decent, safe, and affordable housing;

(2) as of the date of enactment of this Act, it is estimated that—

(A) the insured multifamily housing portfolio of the Federal Housing Administration consists of 14,000 rental properties, with an aggregate unpaid principal mortgage balance of $38,000,000,000; and

(B) approximately 10,000 of these properties contain housing units that are assisted with project-based rental assistance under section 8 of the United States Housing Act of 1937;

(3) FHA-insured multifamily rental properties are a major Federal investment, providing affordable rental housing to an estimated 2,000,000 low- and very low-income families;

(4) approximately 1,600,000 of these families live in dwelling units that are assisted with project-based rental assistance under section 8 of the United States Housing Act of 1937;

(5) a substantial number of housing units receiving project-based assistance have rents that are higher than the rents of comparable, unassisted rental units in the same housing rental market;

(6) many of the contracts for project-based assistance will expire during the several years following the date of enactment of this Act;

(7) it is estimated that—

(A) if no changes in the terms and conditions of the contracts for project-based assistance are made before fiscal year 2000, the cost of renewing all expiring rental assistance contracts under section 8 of the United States Housing Act of 1937 for both project-based and tenant-based rental assistance will increase from approximately $3,600,000,000 in fiscal year 1997 to over $14,300,000,000 by fiscal year 2000 and some $22,400,000,000 in fiscal year 2006;

(B) of those renewal amounts, the cost of renewing project-based assistance will increase from $1,200,000,000 in fiscal year 1997 to almost $7,400,000,000 by fiscal year 2006; and

(C) without changes in the manner in which project-based rental assistance is provided, renewals of expiring contracts for project-based rental assistance will require an increasingly larger portion of the discretionary budget authority of the Department of Housing and Urban Development in each subsequent fiscal year for the foreseeable future;

(8) absent new budget authority for the renewal of expiring rental contracts for project-based assistance, many of the FHA-insured multifamily housing projects that are assisted with project-based assistance will likely default on their FHA-insured mortgage payments, resulting in substantial claims to the FHA General Insurance Fund and Special Risk Insurance Funds;

(9) more than 15 percent of federally assisted multifamily housing projects are physically or financially distressed, including a number which suffer from mismanagement;

(10) due to Federal budget constraints, the downsizing of the Department of Housing and Urban Development, and diminished administrative capacity, the Department lacks the ability to ensure the continued economic and physical well-being of the stock of federally insured and assisted multifamily housing projects; and

(11) the economic, physical, and management problems facing the stock of federally insured and assisted multifamily housing projects will be best served by reforms that—

(A) reduce the cost of Federal rental assistance, including project-based assistance, to these projects by reducing the debt service and operating costs of these projects while retaining the low-income affordability and availability of this housing;

(B) address physical and economic distress of this housing and the failure of some project managers and owners of projects to comply with management and ownership rules and requirements; and

(C) transfer and share many of the loan and contract administration functions and responsibilities of the Secretary with capable State, local, and other entities.

(b) PURPOSES.—The purposes of this title are—

(1) to preserve low-income rental housing affordability and availability while reducing the long-term costs of project-based assistance;

(2) to reform the design and operation of Federal rental housing assistance programs, administered by the Secretary, to promote greater multifamily housing project operating and cost efficiencies;

(3) to encourage owners of eligible multifamily housing projects to restructure their FHA-insured mortgages and project-based assistance contracts in a manner which is consistent with this title before the year in which the contract expires;

(4) to streamline and improve federally insured and assisted multifamily housing project oversight and administration;

(5) to resolve the problems affecting financially and physically troubled federally insured and assisted multifamily housing projects through cooperation with residents, owners, State and local governments, and other interested entities and individuals; and

(6) to grant additional enforcement tools to use against those who violate agreements and program requirements, in order to ensure that the public interest is safeguarded and that Federal multifamily housing programs serve their intended purposes.

SEC. 102. DEFINITIONS.

For purposes of this title, the following definitions shall apply:

(1) COMPARABLE PROPERTIES.—The term ''comparable properties'' means properties that are—

(A) similar to the eligible multifamily housing project in neighborhood (including risk of crime), location, access, street appeal, age, property size, apartment mix, physical configuration, property and unit amenities, and utilities;

(B) unregulated by contractual encumbrances or local rent-control laws; and

(C) occupied predominantly by renters who receive no rent supplements or rental assistance.

(2) ELIGIBLE MULTIFAMILY HOUSING PROJECT.—The term ''eligible multifamily housing project'' means a property consisting of more than 4 dwelling units—

(A) with rents which, on an average per unit or per room basis, exceed the rent of comparable properties in the same market area, as determined by the Secretary;

(B) that is covered in whole or in part by a contract for project-based assistance under—

(i) the new construction and substantial rehabilitation program under section 8(b)(2) of the United States Housing Act of 1937 (as in effect before October 1, 1983);

(ii) the property disposition program under section 8(b) of the United States Housing Act of 1937;

(iii) the moderate rehabilitation program under section 8(e)(2) of the United States Housing Act of 1937;

(iv) the project-based certificate program under section 8 of the United States Housing Act of 1937;

(v) section 23 of the United States Housing Act of 1937 (as in effect before January 1, 1975);

(vi) the rent supplement program under section 101 of the Housing and Urban Development Act of 1965; or

(vii) section 8 of the United States Housing Act of 1937, following conversion from assistance under section 101 of the Housing and Urban Development Act of 1965; and

(C) financed by a mortgage insured under the National Housing Act.

(3) EXPIRING CONTRACT.—The term ''expiring contract'' means a project-based assistance contract attached to an eligible multifamily housing project which, under the terms of the contract, will expire.

(4) EXPIRATION DATE.—The term ''expiration date'' means the date on which an expiring contract expires.

(5) FAIR MARKET RENT.—The term ''fair market rent'' means the fair market rental established under section 8(c) of the United States Housing Act of 1937.

(6) KNOWING OR KNOWINGLY.—The term ''knowing'' or ''knowingly'' means having actual knowledge of or acting with deliberate ignorance or reckless disregard.

(7) LOW-INCOME FAMILIES.—The term ''low-income families'' has the same meaning as provided under section 3(b)(2) of the United States Housing Act of 1937.

(8) PORTFOLIO RESTRUCTURING AGREEMENT.—The term ''Portfolio restructuring agreement'' means the agreement entered into between the Secretary and a participating administrative entity, as provided under section 103 of the title.

(9) PARTICIPATING ADMINISTRATIVE ENTITY.—The term ''participating administrative entity'' means a public agency, including a State housing finance agency or local housing agency, which meets the requirements under section 103(b).

(10) PROJECT-BASED ASSISTANCE.—The term ''project-based assistance'' means rental assistance under section 8 of the United States Housing Act of 1937 that is attached to a multifamily housing project.

(11) RENEWAL.—The term ''renewal'' means the replacement of an expiring Federal rental contract with a new contract under section 8 of the United States Housing Act of 1937, consistent with the requirements of this title.

(12) SECRETARY.—The term ''Secretary'' means the Secretary of Housing and Urban Development.

(13) STATE.—The term ''State'' has the same meaning as in section 104 of the Cranston-Gonzalez National Affordable Housing Act.

(14) TENANT-BASED ASSISTANCE.—The term ''tenant-based assistance'' has the same meaning as in section 8(f) of the United States Housing Act of 1937.

(15) UNIT OF GENERAL LOCAL GOVERNMENT.—The term ''unit of general local government'' has the same meaning as in section 104 of the Cranston-Gonzalez National Affordable Housing Act.

(16) VERY LOW-INCOME FAMILY.—The term ''very low-income family'' has the same meaning as in section 3(b) of the United States Housing Act of 1937.

SEC. 103. AUTHORITY OF PARTICIPATING ADMINISTRATIVE ENTITIES.

(a) PARTICIPATING ADMINISTRATIVE ENTITIES.—

(1) IN GENERAL.—The Secretary shall enter into portfolio restructuring agreements with participating administrative entities for the implementation of mortgage restructuring and rental assistance sufficiency plans to restructure FHA-insured multifamily housing mortgages, in order to—

(A) reduce the costs of current and expiring contracts for assistance under section 8 of the United States Housing Act of 1937;

(B) address financially and physically troubled projects; and

(C) correct management and ownership deficiencies.

(2) PORTFOLIO RESTRUCTURING AGREEMENTS.—Each portfolio restructuring agreement entered into under this subsection shall—

(A) be a cooperative agreement to establish the obligations and requirements between the Secretary and the participating administrative entity;

(B) identify the eligible multifamily housing projects or groups of projects for which the participating administrative entity is responsible for assisting in developing and implementing approved mortgage restructuring and rental assistance sufficiency plans under section 104;

(C) require the participating administrative entity to review and certify to the accuracy and completeness of a comprehensive needs assessment submitted by the owner of an eligible multifamily housing project, in accordance with the information and data requirements of section 403 of the Housing and Community Development Act of 1992, including such other data, information, and requirements as the Secretary may require to be included as part of the comprehensive needs assessment;

(D) identify the responsibilities of both the participating administrative entity and the Secretary in implementing a mortgage restructuring and rental assistance sufficiency plan, including any actions proposed to be taken under section 106 or 107;

(E) require each mortgage restructuring and rental assistance sufficiency plan to be prepared in accordance with the requirements of section 104 for each eligible multifamily housing project;

(F) indemnify the participating administrative entity against lawsuits and penalties for actions taken pursuant to the agreement, excluding actions involving gross negligence or willful misconduct; and

(G) include compensation for all reasonable expenses incurred by the participating administrative entity necessary to perform its duties under this Act, including such incentives as may be authorized under section 108.

(b) SELECTION OF PARTICIPATING ADMINISTRATIVE ENTITY.—

(1) SELECTION CRITERIA.—The Secretary shall select a participating administrative entity based on the following criteria—

(A) is located in the State or local jurisdiction in which the eligible multifamily housing project or projects are located;

(B) has demonstrated expertise in the development or management of low-income affordable rental housing;

(C) has a history of stable, financially sound, and responsible administrative performance;

(D) has demonstrated financial strength in terms of asset quality, capital adequacy, and liquidity; and

(E) is otherwise qualified, as determined by the Secretary, to carry out the requirements of this title.

(2) SELECTION OF MORTGAGE RISK-SHARING ENTITIES.—Any State housing finance agency or local housing agency which is designated as a qualified participating entity under section 542 of the Housing and Community Development Act of 1992 shall automatically qualify as a participating administrative entity under this section.

(3) ALTERNATIVE ADMINISTRATORS.—With respect to any eligible multifamily housing project that is located in a State or local jurisdiction in which the Secretary determines that a participating administrative entity is not located, is unavailable, or does not qualify, the Secretary shall either—

(A) carry out the requirements of this title with respect to that eligible multifamily housing project; or

(B) contract with other qualified entities that meet the requirements of subsection (b), with the exception of subsection (b)(1)(A), the authority to carry out all or a portion of the requirements of this title with respect to that eligible multifamily housing project.

(4) PREFERENCE FOR STATE HOUSING FINANCE AGENCIES AS PARTICIPATING ADMINISTRATIVE ENTITIES.—For each State in which eligible multifamily housing projects are located, the Secretary shall give preference to the housing finance agency of that State or, if a State housing finance agency is unqualified or has declined to participate, a local housing agency to act as the participating administrative entity for that State or for the jurisdiction in which the agency located.

(5) STATE PORTFOLIO REQUIREMENTS.—

(A) IN GENERAL.—If the housing finance agency of a State is selected as the participating administrative entity, that agency shall be responsible for all eligible multifamily housing projects in that State, except that a local housing agency selected as a participating administrative entity shall be responsible for all eligible multifamily housing projects in the jurisdiction of the agency.

(B) DELEGATION.—A participating administrative entity may delegate or transfer responsibilities and functions under this title to one or more interested and qualified public entities.

(C) WAIVER.—A State housing finance agency or local housing agency may request a waiver from the Secretary from the requirements of this paragraph for good cause.

SEC. 104. MORTGAGE RESTRUCTURING AND RENTAL ASSISTANCE SUFFICIENCY PLAN.

(a) IN GENERAL.—

(1) DEVELOPMENT OF PROCEDURES AND REQUIREMENTS.—The Secretary shall develop procedures and requirements for the submission of a mortgage restructuring and rental assistance sufficiency plan for each eligible multifamily housing project with an expiring contract.

(2) TERMS AND CONDITIONS.—Each mortgage restructuring and rental assistance sufficiency plan submitted under this subsection shall be developed at the initiative of an owner of an eligible multifamily housing project with a participating administrative entity, under such terms and conditions as the Secretary shall require.

(3) CONSOLIDATION.—Mortgage restructuring and rental assistance sufficiency plans submitted under this subsection may be consolidated as part of an overall strategy for more than one property.

(b) NOTICE REQUIREMENTS.—The Secretary shall establish notice procedures and hearing requirements for tenants and owners concerning the dates for the expiration of project-based assistance contracts for any eligible multifamily housing project.

(c) EXTENSION OF CONTRACT TERM.—Subject to agreement by a project owner, the Secretary may extend the term of any expiring contract or provide a section 8 contract with rent levels set in accordance with subsection (g) for a period sufficient to facilitate the implementation of a mortgage restructuring and rental assistance sufficiency plan, as determined by the Secretary.

(d) TENANT RENT PROTECTION.—If the owner of a project with an expiring Federal rental assistance contract does not agree to extend the contract, the Secretary shall make tenant-based assistance available to tenants residing in units assisted under the expiring contract at the time of expiration.

(e) MORTGAGE RESTRUCTURING AND RENTAL ASSISTANCE SUFFICIENCY PLAN.—Each mortgage restructuring and rental assistance sufficiency plan shall—

(1) except as otherwise provided, restructure the project-based assistance rents for the eligible multifamily housing project in a manner consistent with subsection (g);

(2) require the owner or purchaser of an eligible multifamily housing project with an expiring contract to submit to the participating administrative entity a comprehensive needs assessment, in accordance with the information and data requirements of section 403 of the Housing and Community Development Act of 1992, including such other data, information, and requirements as the Secretary may require to be included as part of the comprehensive needs assessment;

(3) require the owner or purchaser of the project to provide or contract for competent management of the project;

(4) require the owner or purchaser of the project to take such actions as may be necessary to rehabilitate, maintain adequate reserves, and to maintain the project in decent and safe condition, based on housing quality standards established by—

(A) the Secretary; or

(B) local housing codes or codes adopted by public housing agencies that—

(i) meet or exceed housing quality standards established by the Secretary; and

(ii) do not severely restrict housing choice;

(5) require the owner or purchaser of the project to maintain affordability and use restrictions for 20 years, as the participating administrative entity determines to be appropriate, which restrictions shall be consistent with the long-term physical and financial viability character of the project as affordable housing;

(6) meet subsidy layering requirements under guidelines established by the Secretary; and

(7) require the owner or purchaser of the project to meet such other requirements as the Secretary determines to be appropriate.

(f) TENANT AND COMMUNITY PARTICIPATION AND CAPACITY BUILDING.—

(1) PROCEDURES.—

(A) IN GENERAL.—The Secretary shall establish procedures to provide an opportunity for tenants of the project and other affected parties, including local government and the community in which the project is located, to participate effectively in the restructuring process established by this title.

(B) CRITERIA.—These procedures shall include—

(i) the rights to timely and adequate written notice of the proposed decisions of the owner or the Secretary or participating administrative entity;

(ii) timely access to all relevant information (except for information determined to be proprietary under standards established by the Secretary);

(iii) an adequate period to analyze this information and provide comments to the Secretary or participating administrative entity (which comments shall be taken into consideration by the participating administrative entity); and

(iv) if requested, a meeting with a representative of the participating administrative entity and other affected parties.

(2) PROCEDURES REQUIRED.—The procedures established under paragraph (1) shall permit tenant, local government, and community

participation in at least the following decisions or plans specified in this title:

(A) The Portfolio Restructuring Agreement.

(B) Any proposed expiration of the section 8 contract.

(C) The project's eligibility for restructuring pursuant to section 106 and the mortgage restructuring and rental assistance sufficiency plan pursuant to section 104.

(D) Physical inspections.

(E) Capital needs and management assessments, whether before or after restructuring.

(F) Any proposed transfer of the project.

(3) FUNDING.—

(A) IN GENERAL.—The Secretary may provide not more than $10,000,000 annually in funding to tenant groups, nonprofit organizations, and public entities for building the capacity of tenant organizations, for technical assistance in furthering any of the purposes of this title (including transfer of developments to new owners) and for tenant services, from those amounts made available under appropriations Acts for implementing this title.

(B) ALLOCATION.—The Secretary may allocate any funds made available under subparagraph (A) through existing technical assistance programs and procedures developed pursuant to any other Federal law, including the Low-Income Housing Preservation and Resident Homeownership Act of 1990 and the Multifamily Property Disposition Reform Act of 1994.

(C) PROHIBITION.—None of the funds made available under subparagraph (A) may be used directly or indirectly to pay for any personal service, advertisement, telegram, telephone, letter, printed or written matter, or other device, intended or designed to influence in any manner a Member of Congress, to favor or oppose, by vote or otherwise, any legislation or appropriation by the Congress, whether before or after the introduction of any bill or resolution proposing such legislation or appropriation.

(g) RENT LEVELS.—

(1) IN GENERAL.—Except as provided in paragraph (2), each mortgage restructuring and rental assistance sufficiency plan pursuant to the terms, conditions, and requirements of this title shall establish for units assisted with project-based assistance in eligible multifamily housing projects adjusted rent levels that—

(A) are equivalent to rents derived from comparable properties, if—

(i) the participating administrative entity makes the rent determination not later than 120 days after the owner submits a mortgage restructuring and rental assistance sufficiency plan; and

(ii) the market rent determination is based on not less than 2 comparable properties; or

(B) if those rents cannot be determined, are equal to 90 percent of the fair market rents for the relevant market area.

(2) EXCEPTIONS.—

(A) IN GENERAL.—A contract under this section may include rent levels that exceed the rent level described in paragraph (1) at rent levels that do not exceed 120 percent of the local fair market rent if the participating administrative entity—

(i) determines, that the housing needs of the tenants and the community cannot be adequately addressed through implementation of the rent limitation required to be established through a mortgage restructuring and rental assistance sufficiency plan under paragraph (1); and

(ii) follows the procedures under paragraph (3).

(B) EXCEPTION RENTS.—In any fiscal year, a participating administrative entity may approve exception rents on not more than 20 percent of all units in the geographic jurisdiction of the entity with expiring contracts in that fiscal year, except that the Secretary may waive this ceiling upon a finding of special need in the geographic area served by the participating administrative entity.

(3) RENT LEVELS FOR EXCEPTION PROJECTS.—For purposes of this section, a project eligible for an exception rent shall receive a rent calculation on the actual and projected costs of operating the project, at a level that provides income sufficient to support a budget-based rent that consists of—

(A) the debt service of the project;

(B) the operating expenses of the project, as determined by the participating administrative entity, including—

(i) contributions to adequate reserves;

(ii) the costs of maintenance and necessary rehabilitation; and

(iii) other eligible costs permitted under section 8 of the United States Housing Act of 1937;

(C) an adequate allowance for potential operating losses due to vacancies and failure to collect rents, as determined by the participating administrative entity;

(D) an allowance for a reasonable rate of return to the owner or purchaser of the project, as determined by the participating administrative entity, which may be established to provide incentives for owners or purchasers to meet benchmarks of quality for management and housing quality; and

(E) other expenses determined by the participating administrative entity to be necessary for the operation of the project.

(h) EXEMPTIONS FROM RESTRUCTURING.—Subject to section 106, the Secretary shall renew project-based assistance sufficiency contracts at existing rents if—

(1) the project was financed through obligations such that the implementation of a mortgage restructuring and rental assistance sufficiency plan under this section is inconsistent with applicable law or agreements governing such financing;

(2) in the determination of the Secretary or the participating administrative entity, the restructuring would not result in significant savings to the Secretary; or

(3) the project has an expiring contract under section 8 of the United States Housing Act of 1937 but does not qualify as an eligible multifamily housing project pursuant to section 102(2) of this title.

SEC. 105. SECTION 8 RENEWALS AND LONG-TERM AFFORDABILITY COMMITMENT BY OWNER OF PROJECT.

(a) SECTION 8 RENEWALS OF RESTRUCTURED PROJECTS.—Subject to the availability of amounts provided in advance in appropriations Acts, the Secretary shall enter into contracts with participating administrative entities pursuant to which the participating administrative entity shall offer to renew or extend an expiring section 8 contract on an eligible multifamily housing project, and the owner of the project shall accept the offer, provided the initial renewal is in accordance with the terms and conditions specified in the mortgage restructuring and rental assistance sufficiency plan.

(b) REQUIRED COMMITMENT.—After the initial renewal of a section 8 contract pursuant to this section, the owner shall accept each offer made pursuant to subsection (a) to renew the contract, for a period of 20 years from the date of the initial renewal, if the offer to renew is on terms and conditions specified in the mortgage restructuring and rental assistance sufficiency plan.

SEC. 106. PROHIBITION ON RESTRUCTURING.

(a) PROHIBITION ON RESTRUCTURING.—The Secretary shall not consider any mortgage restructuring and rental assistance sufficiency plan or request for contract renewal if the participating administrative entity determines that—

(1) the owner or purchaser of the project has engaged in material adverse financial or managerial actions or omissions with regard to this project (or with regard to other similar projects if the Secretary determines that those actions or omissions constitute a pattern of mismanagement that would warrant suspension or debarment by the Secretary), including—

(A) knowingly and materially violating any Federal, State, or local law or regulation with regard to this project or any other federally assisted project;

(B) knowingly and materially breaching a contract for assistance under section 8 of the United States Housing Act of 1937;

(C) knowingly and materially violating any applicable regulatory or other agreement with the Secretary or a participating administrative entity;

(D) repeatedly failing to make mortgage payments at times when project income was sufficient to maintain and operate the property;

(E) materially failing to maintain the property according to housing quality standards after receipt of notice and a reasonable opportunity to cure; or

(F) committing any actions or omissions that would warrant suspension or debarment by the Secretary;

(2) the owner or purchaser of the property materially failed to follow the procedures and requirements of this title, after receipt of notice and an opportunity to cure; or

(3) the poor condition of the project cannot be remedied in a cost effective manner, as determined by the participating administrative entity.

(b) OPPORTUNITY TO DISPUTE FINDINGS.—

(1) IN GENERAL.—During the 30-day period beginning on the date on which the owner or purchaser of an eligible multifamily housing project receives notice of a rejection under subsection (a) or of a mortgage restructuring and rental assistance sufficiency plan under section 104, the Secretary or participating administrative entity shall provide that owner or purchaser with an opportunity to dispute the basis for the rejection and an opportunity to cure.

(2) AFFIRMATION, MODIFICATION, OR REVERSAL.—

(A) IN GENERAL.—After providing an opportunity to dispute under paragraph (1), the Secretary or the participating administrative entity may affirm, modify, or reverse any rejection under subsection (a) or rejection of a mortgage restructuring and rental assistance sufficiency plan under section 104.

(B) REASONS FOR DECISION.—The Secretary or the participating administrative entity, as applicable, shall identify the reasons for any final decision under this paragraph.

(C) REVIEW PROCESS.—The Secretary shall establish an administrative review process to appeal any final decision under this paragraph.

(c) FINAL DETERMINATION.—Any final determination under this section shall not be subject to judicial review.

(d) DISPLACED TENANTS.—Subject to the availability of amounts provided in advance in appropriations Acts, for any low-income tenant that is residing in a project or receiving assistance under section 8 of the United States Housing Act of 1937 at the time of rejection under this section, that tenant shall be provided with tenant-based assistance and reasonable moving expenses, as determined by the Secretary.

(e) TRANSFER OF PROPERTY.—For properties disqualified from the consideration of a mortgage restructuring and rental assistance sufficiency plan under this section because of actions by an owner or purchaser in

accordance with paragraph (1) or (2) of subsection (a), the Secretary shall establish procedures to facilitate the voluntary sale or transfer of a property as part of a mortgage restructuring and rental assistance sufficiency plan, with a preference for tenant organizations and tenant-endorsed community-based nonprofit and public agency purchasers meeting such reasonable qualifications as may be established by the Secretary.

SEC. 107. RESTRUCTURING TOOLS.

(a) RESTRUCTURING TOOLS.—For purposes of this title, and to the extent these actions are consistent with this section, an approved mortgage restructuring and rental assistance sufficiency plan may include one or more of the following:

(1) FULL OR PARTIAL PAYMENT OF CLAIM.—Making a full payment of claim or partial payment of claim under section 541(b) of the National Housing Act. Any payment under this paragraph shall not require the approval of a mortgage.

(2) REFINANCING OF DEBT.—Refinancing of all or part of the debt on a project, if the refinancing would result in significant subsidy savings under section 8 of the United States Housing Act of 1937.

(3) MORTGAGE INSURANCE.—Providing FHA multifamily mortgage insurance, reinsurance or other credit enhancement alternatives, including multifamily risk-sharing mortgage programs, as provided under section 542 of the Housing and Community Development Act of 1992. Any limitations on the number of units available for mortgage insurance under section 542 shall not apply to eligible multifamily housing projects. Any credit subsidy costs of providing mortgage insurance shall be paid from the General Insurance Fund and the Special Risk Insurance Fund.

(4) CREDIT ENHANCEMENT.—Any additional State or local mortgage credit enhancements and risk-sharing arrangements may be established with State or local housing finance agencies, the Federal Housing Finance Board, the Federal National Mortgage Association, and the Federal Home Loan Mortgage Corporation, to a modified first mortgage.

(5) COMPENSATION OF THIRD PARTIES.—Entering into agreements, incurring costs, or making payments, as may be reasonably necessary, to compensate the participation of participating administrative entities and other parties in undertaking actions authorized by this title. Upon request, participating administrative entities shall be considered to be contract administrators under section 8 of the United States Housing Act of 1937 for purposes of any contracts entered into as part of an approved mortgage restructuring and rental assistance sufficiency plan.

(6) RESIDUAL RECEIPTS.—Applying any acquired residual receipts to maintain the long-term affordability and physical condition of the property. The participating administrative entity may expedite the acquisition of residual receipts by entering into agreements with owners of housing covered by an expiring contract to provide an owner with a share of the receipts, not to exceed 10 percent.

(7) REHABILITATION NEEDS.—Assisting in addressing the necessary rehabilitation needs of the project, except that assistance under this paragraph shall not exceed the equivalent of $5,000 per unit for those units covered with project-based assistance. Rehabilitation may be paid from the provision of grants from residual receipts or, as provided in appropriations Acts, from budget authority provided for increases in the budget authority for assistance contracts under section 8 of the United States Housing Act of 1937, or through the debt restructuring transaction. Each owner that receives rehabilitation assistance shall contribute not less than 25 percent of the amount of rehabilitation assistance received.

(8) MORTGAGE RESTRUCTURING.—Restructuring mortgages to provide a structured first mortgage to cover rents at levels that are established in section 104(g) and a second mortgage equal to the difference between the restructured first mortgage and the mortgage balance of the eligible multifamily housing project at the time of restructuring. The second mortgage shall bear interest at a rate not to exceed the applicable Federal rate for a term not to exceed 50 years. If the first mortgage remains outstanding, payments of interest and principal on the second mortgage shall be made from all excess project income only after the payment of all reasonable and necessary operating expenses (including deposits in a reserve for replacement), debt service on the first mortgage, and such other expenditures as may be approved by the Secretary. During the period in which the first mortgage remains outstanding, no payments of interest or principal shall be required on the second mortgage. The second mortgage shall be assumable by any subsequent purchaser of any multifamily housing project, pursuant to guidelines established by the Secretary. The principal and accrued interest due under the second mortgage shall be fully payable upon disposition of the property, unless the mortgage is assumed under the preceding sentence. The owner shall begin repayment of the second mortgage upon full payment of the first mortgage in equal monthly installments in an amount equal to the monthly principal and interest payments formerly paid under the first mortgage. The principal and interest of a second mortgage shall be immediately due and payable upon a finding by the Secretary that an owner has failed to materially comply with this title or any requirements of the United States Housing Act of 1937 as those requirements apply to the applicable project, after receipt of notice of such failure and a reasonable opportunity to cure such failure. The second mortgage may be a direct obligation of the Secretary or a loan financed through a lender, other than the Secretary. Any credit subsidy costs of providing a second mortgage shall be paid from the General Insurance Fund and the Special Risk Insurance Fund.

(b) ROLE OF FNMA AND FHLMC.—Section 1335 of the Federal Housing Enterprises Financial Safety and Soundness Act of 1992 (12 U.S.C. 4565) is amended—

(1) in paragraph (3), by striking ''and'' at the end;

(2) paragraph (4), by striking the period at the end and inserting ''; and'';

(3) by striking ''To meet'' and inserting the following:

''(a) IN GENERAL.—To meet''; and

(4) by adding at the end the following:

''(5) assist in maintaining the affordability of assisted units in eligible multifamily housing projects with expiring contracts, as defined under the Multifamily Assisted Housing Reform and Affordability Act of 1996.

''(b) AFFORDABLE HOUSING GOALS.—Actions taken under subsection (a)(5) shall constitute part of the contribution of each entity in meeting their affordable housing goals under sections 1332, 1333, and 1334 for any fiscal year, as determined by the Secretary.''.

(c) PROHIBITION ON EQUITY SHARING BY THE SECRETARY.—The Secretary is prohibited from participating in any equity agreement or profit-sharing agreement in conjunction with any eligible multifamily housing project.

SEC. 108. SHARED SAVINGS INCENTIVE.

(a) IN GENERAL.—At the time a participating administrative entity is designated, the Secretary shall negotiate an incentive agreement with the participating administrative entity, which agreement may provide such entity with a share of savings from any restructured mortgage and reduced subsidies resulting from actions under section 107. The Secretary shall negotiate with participating administrative entities a savings incentive formula that provides for periodic payments over a 5-year period, which is allocated as incentives to participating administrative entities.

(b) USE OF SAVINGS.—Notwithstanding any other provision of law, the incentive agreement under subsection (a) shall require any savings provided to a participating administrative entity under that agreement to be used only for providing decent, safe, and affordable housing for very low-income families and persons with a priority for eligible multifamily housing projects.

SEC. 109. MANAGEMENT STANDARDS.

Each participating administrative entity shall establish and implement management standards, including requirements governing conflicts of interest between owners, managers, contractors with an identity of interest, pursuant to guidelines established by the Secretary and consistent with industry standards.

SEC. 110. MONITORING OF COMPLIANCE.

(a) COMPLIANCE AGREEMENTS.—Pursuant to regulations issued by the Secretary after public notice and comment, each participating administrative entity, through binding contractual agreements with owners and otherwise, shall ensure long-term compliance with the provisions of this title. Each agreements shall, at a minimum, provide for—

(1) enforcement of the provisions of this title; and

(2) remedies for the breach of those provisions.

(b) PERIODIC MONITORING.—

(1) IN GENERAL.—Not less than annually, each participating administrative entity shall review the status of all multifamily housing projects for which a mortgage restructuring and rental assistance sufficiency plan has been implemented.

(2) INSPECTIONS.—Each review under this subsection shall include onsite inspection to determine compliance with housing codes and other requirements as provided in this title and the portfolio restructuring agreements.

(c) AUDIT BY THE SECRETARY.—The Comptroller General of the United States, the Secretary, and the Inspector General of the Department of Housing and Urban Development may conduct an audit at any time of any multifamily housing project for which a mortgage restructuring and rental assistance sufficiency plan has been implemented.

SEC. 111. REVIEW.

(a) ANNUAL REVIEW.—In order to ensure compliance with this title, the Secretary shall conduct an annual review and report to the Congress on actions taken under this title and the status of eligible multifamily housing projects.

(b) SUBSIDY LAYERING REVIEW.—The participating administrative entity shall certify, pursuant to guidelines issued by the Secretary, that the requirements of section 102(d) of the Department of Housing and Urban Development Reform Act of 1989 are satisfied so that the combination of assistance provided in connection with a property for which a mortgage is to be restructured shall not be any greater than is necessary to provide affordable housing.

SEC. 112. GAO AUDIT AND REVIEW.

(a) INITIAL AUDIT.—Not later than 18 months after the effective date of interim or final regulations promulgated under this title, the Comptroller General of the United States shall conduct an audit to evaluate a representative sample of all eligible multifamily housing projects and the implementation of all mortgage restructuring and rental assistance sufficiency plans.

(b) REPORT.—

(1) IN GENERAL.—Not later than 18 months after the audit conducted under subsection (a), the Comptroller General of the United States shall submit to the Congress a report on the status of all eligible multifamily housing projects and the implementation of all mortgage restructuring and rental assistance sufficiency plans.

(2) CONTENTS.—The report submitted under paragraph (1) shall include—

(A) a description of the initial audit conducted under subsection (a); and

(B) recommendations for any legislative action to increase the financial savings to the Federal Government of the restructuring of eligible multifamily housing projects balanced with the continued availability of the maximum number of affordable low-income housing units.

SEC. 113. REGULATIONS.

(a) RULEMAKING AND IMPLEMENTATION.—The Secretary shall issue interim regulations necessary to implement this title not later than the expiration of the 6-month period beginning on the date of enactment of this Act. Not later than 1 year after the date of enactment of this Act, in accordance with the negotiated rulemaking procedures set forth in subchapter III of chapter 5 of title 5, United States Code, the Secretary shall implement final regulations implementing this title.

(b) REPEAL OF FHA MULTIFAMILY HOUSING DEMONSTRATION AUTHORITY.—

(1) IN GENERAL.—Beginning upon the expiration of the 6-month period beginning on the date of enactment of this Act, the Secretary may not exercise any authority or take any action under section 210 of the Balanced Budget Down Payment Act, II.

(2) UNUSED BUDGET AUTHORITY.—Any unused budget authority under section 210(f) of the Balanced Budget Down Payment Act, II, shall be available for taking actions under the requirements established through regulations issued under subsection (a).

SEC. 114. TECHNICAL AND CONFORMING AMENDMENTS.

(a) CALCULATION OF LIMIT ON PROJECT-BASED ASSISTANCE.—Section 8(d) of the United States Housing Act of 1937 (42 U.S.C. 1437f(d)) is amended by adding at the end the following new paragraph:

''(5) CALCULATION OF LIMIT.—Any contract entered into under section 104 of the Multifamily Assisted Housing Reform and Affordability Act of 1997 shall be excluded in computing the limit on project-based assistance under this subsection.''.

(b) PARTIAL PAYMENT OF CLAIMS ON MULTIFAMILY HOUSING PROJECTS.—Section 541 of the National Housing Act (12 U.S.C. 1735f–19) is amended—

(1) in subsection (a), in the subsection heading, by striking ''AUTHORITY'' and inserting ''DEFAULTED MORTGAGES'';

(2) by redesignating subsection (b) as subsection (c); and

(3) by inserting after subsection (a) the following new subsection:

''(b) EXISTING MORTGAGES.—Notwithstanding any other provision of law, the Secretary, in connection with a mortgage restructuring under section 104 of the Multifamily Assisted Housing Reform and Affordability Act of 1997, may make a one time, nondefault partial payment of the claim under the mortgage insurance contract, which shall include a determination by the Secretary or the participating administrative entity, in accordance with the Multifamily Assisted Housing Reform and Affordability Act of 1997, of the market value of the project and a restructuring of the mortgage, under such terms and conditions as the Secretary may establish.''.

SEC. 115. TERMINATION OF AUTHORITY.

(a) IN GENERAL.—Except as provided in subsection (b), this title is repealed effective October 1, 2002.

(b) EXCEPTION.—The repeal under this section does not apply with respect to projects and programs for which binding commitments have been entered into before October 1, 2002.

TITLE II—ENFORCEMENT PROVISIONS

SEC. 201. IMPLEMENTATION.

(a) ISSUANCE OF NECESSARY REGULATIONS.—Notwithstanding section 7(o) of the Department of Housing and Urban Development Act or part 10 of title 24, Code of Federal Regulations (as in existence on the date of enactment of this Act), the Secretary shall issue such regulations as the Secretary determines to be necessary to implement this title and the amendments made by this title in accordance with section 552 or 553 of title 5, United States Code, as determined by the Secretary.

(b) USE OF EXISTING REGULATIONS.—In implementing any provision of this title, the Secretary may, in the discretion of the Secretary, provide for the use of existing regulations to the extent appropriate, without rulemaking.

Subtitle A—FHA Single Family and Multifamily Housing

SEC. 211. AUTHORIZATION TO IMMEDIATELY SUSPEND MORTGAGEES.

Section 202(c)(3)(C) of the National Housing Act (12 U.S.C. 1708(c)(3)(C)) is amended by inserting after the first sentence the following new sentence: ''Notwithstanding paragraph (4)(A), a suspension shall be effective upon issuance by the Board if the Board determines that there exists adequate evidence that immediate action is required to protect the financial interests of the Department or the public.''.

SEC. 212. EXTENSION OF EQUITY SKIMMING TO OTHER SINGLE FAMILY AND MULTIFAMILY HOUSING PROGRAMS.

Section 254 of the National Housing Act (12 U.S.C. 1715z–19) is amended to read as follows:

''SEC. 254. EQUITY SKIMMING PENALTY.

''(a) IN GENERAL.—Whoever, as an owner, agent, or manager, or who is otherwise in custody, control, or possession of a multifamily project or a 1- to 4-family residence that is security for a mortgage note that is described in subsection (b), willfully uses or authorizes the use of any part of the rents, assets, proceeds, income, or other funds derived from property covered by that mortgage note for any purpose other than to meet reasonable and necessary expenses that include expenses approved by the Secretary if such approval is required, in a period during which the mortgage note is in default or the project is in a nonsurplus cash position, as defined by the regulatory agreement covering the property, or the mortgagor has failed to comply with the provisions of such other form of regulatory control imposed by the Secretary, shall be fined not more than $500,000, imprisoned not more than 5 years, or both.

''(b) MORTGAGE NOTES DESCRIBED.—For purposes of subsection (a), a mortgage note is described in this subsection if it—

''(1) is insured, acquired, or held by the Secretary pursuant to this Act;

''(2) is made pursuant to section 202 of the Housing Act of 1959 (including property still subject to section 202 program requirements that existed before the date of enactment of the Cranston-Gonzalez National Affordable Housing Act); or

''(3) is insured or held pursuant to section 542 of the Housing and Community Development Act of 1992, but is not reinsured under section 542 of the Housing and Community Development Act of 1992.''.

SEC. 213. CIVIL MONEY PENALTIES AGAINST MORTGAGEES, LENDERS, AND OTHER PARTICIPANTS IN FHA PROGRAMS.

(a) CHANGE TO SECTION TITLE.—Section 536 of the National Housing Act (12 U.S.C. 1735f–14) is amended by striking the section heading and the section designation and inserting the following:

''SEC. 536. CIVIL MONEY PENALTIES AGAINST MORTGAGEES, LENDERS, AND OTHER PARTICIPANTS IN FHA PROGRAMS.''.

(b) EXPANSION OF PERSONS ELIGIBLE FOR PENALTY.—Section 536(a) of the National Housing Act (12 U.S.C. 1735f–14(a)) is amended—

(1) in paragraph (1), by striking the first sentence and inserting the following: ''If a mortgagee approved under the Act, a lender holding a contract of insurance under title I of this Act, or a principal, officer, or employee of such mortgagee or lender, or other person or entity participating in either an insured mortgage or title I loan transaction under this Act or providing assistance to the borrower in connection with any such loan, including sellers of the real estate involved, borrowers, closing agents, title companies, real estate agents, mortgage brokers, appraisers, loan correspondents and dealers, knowingly and materially violates any applicable provision of subsection (b), the Secretary may impose a civil money penalty on the mortgagee or lender, or such other person or entity, in accordance with this section. The penalty under this paragraph shall be in addition to any other available civil remedy or any available criminal penalty, and may be imposed whether or not the Secretary imposes other administrative sanctions.''; and

(2) in paragraph (2)—

(A) in the first sentence, by inserting ''or such other person or entity'' after ''lender''; and

(B) in the second sentence, by striking ''provision'' and inserting ''the provisions''.

(c) ADDITIONAL VIOLATIONS FOR MORTGAGEES, LENDERS, AND OTHER PARTICIPANTS IN FHA PROGRAMS.—Section 536(b) of the National Housing Act (12 U.S.C. 1735f–14(b)) is amended—

(1) by redesignating paragraph (2) as paragraph (3);

(2) by inserting after paragraph (1) the following new paragraph:

''(2) The Secretary may impose a civil money penalty under subsection (a) for any knowing and material violation by a principal, officer, or employee of a mortgagee or lender, or other participants in either an insured mortgage or title I loan transaction under this Act or provision of assistance to the borrower in connection with any such loan, including sellers of the real estate involved, borrowers, closing agents, title companies, real estate agents, mortgage brokers, appraisers, loan correspondents, and dealers for—

''(A) submission to the Secretary of information that was false, in connection with any mortgage insured under this Act, or any loan that is covered by a contract of insurance under title I of this Act;

''(B) falsely certifying to the Secretary or submitting to the Secretary a false certification by another person or entity; or

''(C) failure by a loan correspondent or dealer to submit to the Secretary information which is required by regulations or directives in connection with any loan that is covered by a contract of insurance under title I of this Act.''; and

(3) in paragraph (3), as redesignated, by striking ''or paragraph (1)(F)'' and inserting ''or (F), or paragraph (2)(A), (B), or (C)''.

(d) CONFORMING AND TECHNICAL AMENDMENTS.—Section 536 of the National Housing Act (12 U.S.C. 1735f–14) is amended—

(1) in subsection (c)(1)(B), by inserting after ''lender'' the following: ''or such other person or entity'';

(2) in subsection (d)(1)—

(A) by inserting ''or such other person or entity'' after ''lender''; and

(B) by striking ''part 25'' and inserting ''parts 24 and 25''; and

(3) in subsection (e), by inserting ''or such other person or entity'' after ''lender'' each place that term appears.

Subtitle B—FHA Multifamily

SEC. 220. CIVIL MONEY PENALTIES AGAINST GENERAL PARTNERS, OFFICERS, DIRECTORS, AND CERTAIN MANAGING AGENTS OF MULTIFAMILY PROJECTS.

(a) CIVIL MONEY PENALTIES AGAINST MULTIFAMILY MORTGAGORS.—Section 537 of the National Housing Act (12 U.S.C. 1735f–15) is amended—

(1) in subsection (b)(1), by striking ''on that mortgagor'' and inserting the following: ''on that mortgagor, on a general partner of a partnership mortgagor, or on any officer or director of a corporate mortgagor'';

(2) in subsection (c)—

(A) by striking the subsection heading and inserting the following:

''(c) OTHER VIOLATIONS.—''; and

(B) in paragraph (1)—

(i) by striking ''VIOLATIONS.—The Secretary may'' and all that follows through the colon and inserting the following:

''(A) LIABLE PARTIES.—The Secretary may also impose a civil money penalty under this section on—

''(i) any mortgagor of a property that includes five or more living units and that has a mortgage insured, coinsured, or held pursuant to this Act;

''(ii) any general partner of a partnership mortgagor of such property;

''(iii) any officer or director of a corporate mortgagor;

''(iv) any agent employed to manage the property that has an identity of interest with the mortgagor, with the general partner of a partnership mortgagor, or with any officer or director of a corporate mortgagor of such property; or

''(v) any member of a limited liability company that is the mortgagor of such property or is the general partner of a limited partnership mortgagor or is a partner of a general partnership mortgagor.

''(B) VIOLATIONS.—A penalty may be imposed under this section upon any liable party under subparagraph (A) that knowingly and materially takes any of the following actions:'';

(ii) in subparagraph (B), as designated by clause (i), by redesignating the subparagraph designations (A) through (L) as clauses (i) through (xii), respectively;

(iii) by adding after clause (xii), as redesignated by clause (ii), the following new clauses:

''(xiii) Failure to maintain the premises, accommodations, any living unit in the project, and the grounds and equipment appurtenant thereto in good repair and condition in accordance with regulations and requirements of the Secretary, except that nothing in this clause shall have the effect of altering the provisions of an existing regulatory agreement or federally insured mortgage on the property.

''(xiv) Failure, by a mortgagor, a general partner of a partnership mortgagor, or an officer or director of a corporate mortgagor, to provide management for the project that is acceptable to the Secretary pursuant to regulations and requirements of the Secretary.''; and

(iv) in the last sentence, by deleting ''of such agreement'' and inserting ''of this subsection'';

(3) in subsection (d)—

(A) in paragraph (1)(B), by inserting after ''mortgagor'' the following: '', general partner of a partnership mortgagor, officer or director of a corporate mortgagor, or identity of interest agent employed to manage the property''; and

(B) by adding at the end the following new paragraph:

''(5) PAYMENT OF PENALTY.—No payment of a civil money penalty levied under this section shall be payable out of project income.'';

(4) in subsection (e)(1), by deleting ''a mortgagor'' and inserting ''an entity or person'';

(5) in subsection (f), by inserting after ''mortgagor'' each place such term appears the following: '', general partner of a partnership mortgagor, officer or director of a corporate mortgagor, or identity of interest agent employed to manage the property'';

(6) by striking the heading of subsection (f) and inserting the following: ''CIVIL MONEY PENALTIES AGAINST MULTIFAMILY MORTGAGORS, GENERAL PARTNERS OF PARTNERSHIP MORTGAGORS, OFFICERS AND DIRECTORS OF CORPORATE MORTGAGORS, AND CERTAIN MANAGING AGENTS''; and

(7) by adding at the end the following new subsection:

''(k) IDENTITY OF INTEREST MANAGING AGENT.—For purposes of this section, the terms 'agent employed to manage the property that has an identity of interest' and 'identity of interest agent' mean an entity—

''(1) that has management responsibility for a project;

''(2) in which the ownership entity, including its general partner or partners (if applicable) and its officers or directors (if applicable), has an ownership interest; and

''(3) over which the ownership entity exerts effective control.''.

(b) IMPLEMENTATION.—

(1) PUBLIC COMMENT.—The Secretary shall implement the amendments made by this section by regulation issued after notice and opportunity for public comment. The notice shall seek comments primarily as to the definitions of the terms ''ownership interest in'' and ''effective control'', as those terms are used in the definition of the terms ''agent employed to manage the property that has an identity of interest'' and ''identity of interest agent''.

(2) TIMING.—A proposed rule implementing the amendments made by this section shall be published not later than one year after the date of enactment of this Act.

(c) APPLICABILITY OF AMENDMENTS.—The amendments made by subsection (a) shall apply only with respect to—

(1) violations that occur on or after the effective date of the final regulations implementing the amendments made by this section; and

(2) in the case of a continuing violation (as determined by the Secretary of Housing and Urban Development), any portion of a violation that occurs on or after that date.

SEC. 221. CIVIL MONEY PENALTIES FOR NONCOMPLIANCE WITH SECTION 8 HAP CONTRACTS.

(a) BASIC AUTHORITY.—Title I of the United States Housing Act of 1937 is amended by adding at the end the following new section:

''SEC. 27. CIVIL MONEY PENALTIES AGAINST SECTION 8 OWNERS.

''(a) IN GENERAL.—

''(1) EFFECT ON OTHER REMEDIES.—The penalties set forth in this section shall be in addition to any other available civil remedy or any available criminal penalty, and may be imposed regardless of whether the Secretary imposes other administrative sanctions.

''(2) FAILURE OF SECRETARY.—The Secretary may not impose penalties under this section for a violation, if a material cause of the violation is the failure of the Secretary, an agent of the Secretary, or a public housing agency to comply with an existing agreement.

''(b) VIOLATIONS OF HOUSING ASSISTANCE PAYMENT CONTRACTS FOR WHICH PENALTY MAY BE IMPOSED.—

''(1) LIABLE PARTIES.—The Secretary may impose a civil money penalty under this section on—

''(A) any owner of a property receiving project-based assistance under section 8;

''(B) any general partner of a partnership owner of that property; and

''(C) any agent employed to manage the property that has an identity of interest with the owner or the general partner of a partnership owner of the property.

''(2) VIOLATIONS.—A penalty may be imposed under this section for a knowing and material breach of a housing assistance payments contract, including the following—

''(A) failure to provide decent, safe, and sanitary housing pursuant to section 8; or

''(B) knowing or willful submission of false, fictitious, or fraudulent statements or requests for housing assistance payments to the Secretary or to any department or agency of the United States.

''(3) AMOUNT OF PENALTY.—The amount of a penalty imposed for a violation under this subsection, as determined by the Secretary, may not exceed $25,000 per violation.

''(c) AGENCY PROCEDURES.—

''(1) ESTABLISHMENT.—The Secretary shall issue regulations establishing standards and procedures governing the imposition of civil money penalties under subsection (b). These standards and procedures—

''(A) shall provide for the Secretary or other department official to make the determination to impose the penalty;

''(B) shall provide for the imposition of a penalty only after the liable party has received notice and the opportunity for a hearing on the record; and

''(C) may provide for review by the Secretary of any determination or order, or interlocutory ruling, arising from a hearing and judicial review, as provided under subsection (d).

''(2) FINAL ORDERS.—

''(A) IN GENERAL.—If a hearing is not requested before the expiration of the 15-day period beginning on the date on which the notice of opportunity for hearing is received, the imposition of a penalty under subsection (b) shall constitute a final and unappealable determination.

''(B) EFFECT OF REVIEW.—If the Secretary reviews the determination or order, the Secretary may affirm, modify, or reverse that determination or order.

''(C) FAILURE TO REVIEW.—If the Secretary does not review that determination or order before the expiration of the 90-day period beginning on the date on which the determination or order is issued, the determination or order shall be final.

''(3) FACTORS IN DETERMINING AMOUNT OF PENALTY.—In determining the amount of a penalty under subsection (b), the Secretary shall take into consideration—

''(A) the gravity of the offense;

''(B) any history of prior offenses by the violator (including offenses occurring before the enactment of this section);

''(C) the ability of the violator to pay the penalty;

''(D) any injury to tenants;

''(E) any injury to the public;

''(F) any benefits received by the violator as a result of the violation;

''(G) deterrence of future violations; and

''(H) such other factors as the Secretary may establish by regulation.

''(4) PAYMENT OF PENALTY.—No payment of a civil money penalty levied under this section shall be payable out of project income.

''(d) JUDICIAL REVIEW OF AGENCY DETERMINATION.—Judicial review of determinations made under this section shall be carried out in accordance with section 537(e) of the National Housing Act.

''(e) REMEDIES FOR NONCOMPLIANCE.—

''(1) JUDICIAL INTERVENTION.—

''(A) IN GENERAL.—If a person or entity fails to comply with the determination or order of the Secretary imposing a civil money penalty under subsection (b), after the determination or order is no longer subject to review as provided by subsections (c) and (d), the Secretary may request the Attorney General of the United States to bring an action in an appropriate United States district court to obtain a monetary judgment against that person or entity and such other relief as may be available.

''(B) FEES AND EXPENSES.—Any monetary judgment awarded in an action brought under this paragraph may, in the discretion of the court, include the attorney's fees and other expenses incurred by the United States in connection with the action.

''(2) NONREVIEWABILITY OF DETERMINATION OR ORDER.—In an action under this subsection, the validity and appropriateness of the determination or order of the Secretary imposing the penalty shall not be subject to review.

''(f) SETTLEMENT BY SECRETARY.—The Secretary may compromise, modify, or remit any civil money penalty which may be, or has been, imposed under this section.

''(g) DEPOSIT OF PENALTIES.—

''(1) IN GENERAL.—Notwithstanding any other provision of law, if the mortgage covering the property receiving assistance under section 8 is insured or formerly insured by the Secretary, the Secretary shall apply all civil money penalties collected under this section to the appropriate insurance fund or funds established under this Act, as determined by the Secretary.

''(2) EXCEPTION.—Notwithstanding any other provision of law, if the mortgage covering the property receiving assistance under section 8 is neither insured nor formerly insured by the Secretary, the Secretary shall make all civil money penalties collected under this section available for use by the appropriate office within the Department for administrative costs related to enforcement of the requirements of the various programs administered by the Secretary.

''(h) DEFINITIONS.—For the purposes of this section—

''(1) the term 'agent employed to manage the property that has an identity of interest' means an entity—

''(A) that has management responsibility for a project;

''(B) in which the ownership entity, including its general partner or partners (if applicable), has an ownership interest; and

''(C) over which such ownership entity exerts effective control; and

''(2) the term 'knowing' means having actual knowledge of or acting with deliberate ignorance of or reckless disregard for the prohibitions under this section.''.

(b) APPLICABILITY.—The amendments made by subsection (a) shall apply only with respect to—

(1) violations that occur on or after the effective date of final regulations implementing the amendments made by this section; and

(2) in the case of a continuing violation (as determined by the Secretary of Housing and Urban Development), any portion of a violation that occurs on or after such date.

(c) IMPLEMENTATION.—

(1) REGULATIONS.—

(A) IN GENERAL.—The Secretary shall implement the amendments made by this section by regulation issued after notice and opportunity for public comment.

(B) COMMENTS SOUGHT.—The notice under subparagraph (A) shall seek comments as to the definitions of the terms ''ownership interest in'' and ''effective control'', as such terms are used in the definition of the term ''agent employed to manage such property that has an identity of interest''.

(2) TIMING.—A proposed rule implementing the amendments made by this section shall be published not later than one year after the date of enactment of this Act.

SEC. 222. EXTENSION OF DOUBLE DAMAGES REMEDY.

Section 421 of the Housing and Community Development Act of 1987 (12 U.S.C. 1715z–4a) is amended—

(1) in subsection (a)(1)—

(A) in the first sentence, by striking ''Act; or (B)'' and inserting the following: ''Act; (B) a regulatory agreement that applies to a multifamily project whose mortgage is insured or held by the Secretary under section 202 of the Housing Act of 1959 (including property subject to section 202 of such Act as it existed before enactment of the Cranston-Gonzalez National Affordable Housing Act of 1990); (C) a regulatory agreement or such other form of regulatory control as may be imposed by the Secretary that applies to mortgages insured or held by the Secretary under section 542 of the Housing and Community Development Act of 1992, but not reinsured under section 542 of the Housing and Community Development Act of 1992; or (D)''; and

(B) in the second sentence, by inserting after ''agreement'' the following: '', or such other form of regulatory control as may be imposed by the Secretary,'';

(2) in subsection (a)(2), by inserting after ''Act,'' the following: ''under section 202 of the Housing Act of 1959 (including section 202 of such Act as it existed before enactment of the Cranston-Gonzalez National Affordable Housing Act of 1990) and under section 542 of the Housing and Community Development Act of 1992,'';

(3) in subsection (b), by inserting after ''agreement'' the following: '', or such other form of regulatory control as may be imposed by the Secretary,'';

(4) in subsection (c)—

(A) in the first sentence, by inserting after ''agreement'' the following: '', or such other form of regulatory control as may be imposed by the Secretary,''; and

(B) in the second sentence, by inserting before the period the following: ''or under the Housing Act of 1959, as appropriate''; and

(5) in subsection (d), by inserting after ''agreement'' the following: '', or such other form of regulatory control as may be imposed by the Secretary,''.

SEC. 223. OBSTRUCTION OF FEDERAL AUDITS.

Section 1516(a) of title 18, United States Code, is amended by inserting after ''under a contract or subcontract,'' the following: ''or relating to any property that is security for a mortgage note that is insured, guaranteed, acquired, or held by the Secretary of Housing and Urban Development pursuant to any Act administered by the Secretary,''.

SUMMARY OF THE MULTIFAMILY ASSISTED HOUSING REFORM AND AFFORDABILITY ACT OF 1997

PURPOSE

To preserve the affordability and availability of existing FHA-insured multifamily rental housing that is assisted with project-based Section 8 rental assistance, while reducing the long-term costs of the project-based assistance through restructuring of mortgages and project-based contracts.

BASIC PROVISIONS

Participating Administrative Entities (PAEs). Public intermediaries that have demonstrated expertise in affordable housing and responsible asset management would be selected to restructure the assisted projects through mortgage restructuring and rental assistance sufficiency plans. State housing finance agencies (or local housing finance agencies) would be given a priority to act as PAEs, assuming they have the appropriate expertise and are stable and financially sound.

Incentives would be negotiated by HUD with the PAEs to provide the PAE, in periodic payments, with a share of savings from the restructured mortgage and reduced subsidies resulting from the restructuring. Savings are to be used for providing decent, safe and affordable housing for very low-income people.

Mortgage restructuring and rental assistance plan. The plan is to be developed at the initiative of the owner and in conjunction with a PAE. If agreed upon by the owner, HUD may extend the contract term or provide section 8 contracts with rent levels set in accordance with the bill. If the owner does not agree to extend the contract, tenant-based assistance will be made available to tenants.

Each mortgage restructuring and rental assistance sufficiency plan is intended to: (1) restructure project-based rents; (2) require the owner to submit a housing needs assessment; (3) require the owner to provide or contract for competent management of the property; (4) require the owner to rehabilitate, maintain adequate reserves and to maintain the project in decent and safe condition; (5) require the owner to maintain project affordability for 20 years; and (6) meet subsidy layering guidelines established by HUD.

Rent levels. Projects with subsidy contract rents above fair market rent would be restructured in a manner that would reduce the rents by restructuring the underlying debt. Rents would be ''marked'' to comparable market rents where comparable properties exist or at least 90 percent of fair market rents (FMR) if comparable properties do not exist.

In some cases (such as properties that provide special services to elderly and disabled households or because of local market rent conditions), even if the debt is restructured, setting rent levels at 90 percent of FMR or comparable market levels may be inadequate to cover the costs of operation. In such cases, rent levels can be set at up to 120 percent of FMR. In any fiscal year, a PAE may approve exception rents on not more than 20 percent of all units in its geographic jurisdiction. The 20 percent level may be increased, subject to a waiver from HUD.

Restructuring tools. An approved mortgage restructuring and sufficiency plan may include one or more of the following: (1) full or partial payment of claim; (2) refinancing on all or part of the debt on a project; (3) mortgage insurance (FHA insurance, reinsurance or other credit enhancement alternatives); (4) credit enhancement; (5) compensation of PAEs; (6) residual receipts; (7)

rehabilitation requirements; and (8) mortgage restructuring.

Tax issues. Debt restructuring results in an event that reduces the outstanding mortgage that is owed by owners and investors. This reduction in the mortgage amount will result in a tax liability referred to as ''cancellation of indebtedness,'' or COD. COD is generally treated as ordinary taxable income under the Internal Revenue Code. The bill addresses this problem by bifurcating the existing mortgage into two obligations. The first piece would be determined on the amount of the mortgage that could be supported by the rental income stream. Payment on the second piece—the difference between the first mortgage and the mortgage balance—would be deferred until the second mortgage is paid off.

Rehabilitation. Up to $5,000 in rehabilitation costs for each project-based unit can be included within the restructuring. The owner must contribute a minimum of 25 percent of the amount of rehabilitation assistance received.

Troubled properties and noncompliant owners. Nonviable housing projects and owners not meeting basic program requirements would be ineligible to participate in the renewal and debt restructuring process. Potential alternatives in such instances could include demolition or change of ownership to other entities, including nonprofits or residents. Alternative housing would be provided to affected residents in the case of demolition.

Tenant and community participation and capacity building. Procedures will be established by HUD to provide opportunity for tenants, local governments and community in which the project is located to participate in the restructuring process. Such participation can include timely access to relevant information and the opportunity to analyze such information and provide comments to the PAE or to HUD on all aspects of the portfolio restructuring agreement. In addition, HUD is authorized, subject to appropriations, to provide up to $10 million annually to fund tenant groups, nonprofits and public entities for capacity building and technical assistance.

Enforcement Authority. The bill will minimize the incidence of fraud and abuse of Federally assisted programs through: (1) expanding HUD's ability to impose sanctions on lenders; (2) expanding equity-skimming prohibitions; and (3) broadening the use of civil money penalties.

Regulations. Interim regulations are to be developed within six months of passage of this Act: final regulations are to be developed within one year of enactment.

Mr. BOND. Mr. President, I stand in strong support of the Multifamily Assisted Housing Reform and Affordability Act of 1997. This bill is virtually identical to S. 2042, which was introduced in the last Congress and goes a long way toward developing a constructive and comprehensive section 8 mark-to-market contract renewal program for reducing the costs of expiring project-based section 8 contracts, limiting the financial exposure of the FHA multifamily housing insurance fund for FHA-insured section 8 projects, and preserving, to the maximum extent possible, the section 8 project-based housing stock for very low- and low-income families. This legislation builds on a demonstration enacted as part of the VA/HUD Fiscal Year 1997 appropriations bill which provided HUD with flexible authority to address the costs and the housing issues posed by this stock.

I congratulate Senators D'AMATO, MACK, and BENNETT for their contribution and commitment to this comprehensive legislation, as well as their commitment to finding a bipartisan approach to the many difficult issues associated with the renewal of oversubsidized section 8 project-based contracts. This legislation is a meaningful step in developing a reasonable policy toward the concerns raised by these expiring section 8 project-based contracts.

Over the last 25 years, a number of HUD programs were established for the construction of affordable, low-income housing by providing FHA mortgage insurance while financing the cost of the housing through section 8 project-based housing assistance. Currently, there are some 8,500 projects with almost 1 million units that are both FHA-insured and whose debt service is almost totally dependent on rental assistance payments made under section 8 project-based contracts. Most of these projects serve very low-income families, with almost 50 percent of the stock serving elderly and disabled families.

The crisis facing this housing stock is that the section 8 project-based housing assistance was initially budgeted and appropriated through 15- and 20-year section 8 project-based contracts that are now expiring and for which contract renewal is prohibitively expensive. For example, at least 75 percent of this housing stock have rents that exceed the fair market rent of the local area.

Since current law generally prohibits HUD from renewing these section 8 contracts at rents above 120 percent of the fair market rent, in many cases, the failure to renew expiring section 8 project-based contracts at existing rents will leave owners without the financial ability to pay the mortgage debt on these projects. This means that owners likely will default on their FHA-insured mortgage liabilities, resulting in FHA mortgage insurance claims totaling some $18 billion and foreclosures. HUD would then own and be responsible for managing these low-income multifamily housing projects. This bill is intended to avoid this potential crisis through a fiscally responsible and housing sensitive strategy.

In addition, the cost of the section 8 contracts on these projects reemphasizes the difficult budget and appropriation issues facing the Congress. In particular, according to HUD estimates, the cost of all section 8 contract renewals, both tenant-based and project-based, will require appropriations of about $3.6 billion in Fiscal Year 1997, $10.2 billion in Fiscal Year 1998, and over $16 billion in Fiscal Year 2002. In addition, the cost of renewing the section 8 project-based contracts will grow from $1.2 billion in Fiscal Year 1997 to almost $4 billion in Fiscal Year 2000, and to some $8 billion in 10 years.

Since the HUD appropriations account cannot sustain these exploding costs, this legislation is intended to be a comprehensive response which will reduce the financial cost and exposure to the Federal Government and preserve this valuable housing resource. The Senate bill would generally preserve this low-income housing by using various tools to restructure these multifamily housing mortgages to the market value of the housing with resulting reductions in section 8 costs.

I also am troubled by some of the other section 8 mark-to-market proposals being promoted, including the position which has been taken by HUD in the past which, in general, opposes preserving this housing as FHA-insured or as assisted through section 8 project-based assistance, including the elderly assisted housing, in favor of vouchers. This position is very questionable, and I emphasize that it is widely opposed by the housing industry and tenant groups and advocates. I emphasize that we want to work with HUD on these issues, and that in appropriate circumstances vouchers may be the right decision if we can balance this decision by ensuring that by restructuring a mortgage to the market level that we also can require long-term affordablility of this housing for very low- and low-income families. This could mean more choice for low-income families and the availability of more affordable, low-income housing. I believe that a number of creative and positive approaches will need to be reviewed as this legislation is considered.

I highlight the underlying principles of the bill which would authorize the establishing of participating administrative entities [PAEs] which would generally be a public agency, with a first preference that a PAE be a State housing finance agency or, second, a local housing agency. These entities would be contracted by HUD to develop work-out plans in conjunction with owners of FHA-insured projects with expiring, oversubsidized section 8 contracts. Each PAE would develop mortgage restructuring and rental assistance sufficiency plans as work-out instruments to reduce the section 8 subsidy needs of projects through mortgage restructuring.

The basic tool provided in the draft bill, and the likely key to any successful strategy to preserve this housing, is to authorize the restructuring of the mortgage debt on these oversubsidized section 8 multifamily housing projects. In particular, the bill would allow the restructuring of these high-cost mortgages with a new first mortgage reflecting, generally, the market value of a project, and a soft second mortgage held by HUD or financed by the private sector, with interest at the applicable Federal rate, covering the remainder of the original mortgage debt and payable upon disposition or upon full payment of the first mortgage. This provision will reduce the cost of section 8 assistance and minimize any loss to the FHA

multifamily insurance fund. In addition, this approach ensures that there is no taxable event by virtue of the mortgage restructuring.

I also think it would be beneficial to look at some kind of exit tax relief to encourage owners, especially limited partners, to divest their interest in these properties, to encourage new investment in and the revitalization of these properties. I am hopeful that the administration will help craft some form of tax relief that balances the need of the Government to preserve this housing for low-income use at an affordable and reasonable cost to both the Government and low-income families.

Finally, I emphasize that the time to act is now. I sponsored a section 8 mark-to-market demonstration which was included in the VA/HUD Fiscal Year 1997 appropriations bill which is similar to this legislation and represents an interim approach to the section 8 mark-to-market contract renewal issue. I am disappointed that HUD has failed to implement this demonstration because we need the information to continue to make informed policy decisions with regard to this issue. Nevertheless, the appropriation language indicates my strong belief that we can no longer afford, as a matter of housing policy and fiscal responsibility, to renew expiring section 8 project-based contracts at the existing, over-market rents. I strongly believe that section 8 reform legislation should be acted on by the authorizing committees before the end of the fiscal year, with the full benefit of hearings and discussion on these very difficult policy issues.

I look forward to working with my colleagues on the legislation and hope that the Housing Subcommittee and Banking Committee can act in an expeditious manner on this measure. I emphasize the need to work together and I look forward to moving this legislation through Congress and onto the desk of the President.

Mr. D'AMATO. Mr. President, I rise today to cosponsor the Multifamily Assisted Housing Reform and Affordability Act of 1997. This important piece of legislation will address a serious affordable housing crisis by restructuring the Department of Housing and Urban Development's [HUD] Federal Housing Administration [FHA] insured and section 8 assisted multifamily housing portfolio.

I wish to thank my friend and colleague Senator CONNIE MACK, chairman of the Banking Committee's Subcommittee on Housing and Community Opportunity, for his extraordinary leadership in crafting this measured and thoughtful legislative initiative which deals with a vexing and complicated issue—the approaching crisis in HUD section 8 contract renewals.

I would also like to recognize Senator KIT BOND, the chairman of the VA–HUD Appropriations Subcommittee, who has also played a critical role in the development of this bill. I commend him for the significant contributions he has made in addressing this crisis. In addition, I would like to express my appreciation to Senator ROBERT BENNETT for his diligence in confronting this complex issue.

The legislation we are introducing today is very similar to S. 2042, introduced by Senators MACK, BOND, BENNETT, and myself in August 1996. This bill constitutes a major step toward reducing the costs of the Section 8 Program, and will allow for existing residents to be fully protected and for contracts to be renewed.

HUD Secretary Andrew Cuomo, in recent testimony before the House Government Reform and Oversight Committee's Human Resources Subcommittee, described the increasing costs of renewing expiring section 8 contracts as, ''the greatest crisis HUD has ever faced.'' I must concur with Mr. Cuomo. Let me briefly describe some of the growing costs associated with this program. In fiscal year 1997, Congress appropriated $3.6 billion for the renewal of expiring section 8 contracts. Large numbers of long-term section 8 contracts, which were written as long as 5 to 20 years ago, will expire this year.

According to the Congressional Budget Office's latest estimates, the budget authority required to renew these contracts will increase to $10.2 billion in fiscal year 1998. Within the next 5 years, renewal needs will increase further until they consume nearly all of HUD's current budget of approximately $19.5 billion. These cost increases will occur without the adoption of a single new unit of section 8 housing. In addition, many of these expiring contracts cover units which are subsidized at rates significantly above the surrounding local market rents. Also, many contracts affect units which have serious repair and rehabilitation needs.

These escalating costs, in budget authority and outlays, must be reduced in order to avoid resident displacement and reduced funding of important and needed housing and community development programs.

Mr. President, millions of needy Americans depend on section 8 housing to provide them with affordable shelter. The average income of persons assisted with section 8 is similar to that of persons living in Federal public housing—approximately 17 percent of the local area median income. In addition, over 35 percent of these persons are elderly. Many more are disabled and single parents with limited work experience or education. It is imperative that we protect our needy and vulnerable residents.

Importantly, this bill will protect existing residents through the renewal of project-based contracts. The legislation will allow the mortgages of the affected projects to be refinanced and restructured, thereby reducing debt service costs. As a result, the projects will be able to continue to operate with correspondingly reduced rent levels without experiencing significant hardship. This restructuring will protect the FHA insurance fund from increased risk of default which would occur if section 8 payments were reduced without any corresponding reduction in debt service payments.

Mr. President, our legislation will also maintain the existing stock of decent, safe, and affordable housing because it provides for the renewal of section 8 contracts as project-based assistance. Our legislation recognizes the enormous investment we have made in this portfolio and reaffirms our commitment to maintaining it as a stock of affordable housing which will be available for people of modest means for years to come. It also fulfills our obligation to the American taxpayer to ensure that our Federal expenditures serve vital public interests in a cost-effective manner.

In addition, the bill contains important new enforcement tools for HUD to employ to crack down on fraud, waste, and abuse within the program by unscrupulous landlords. Other provisions within the bill will help recapitalize projects with deferred maintenance needs. The bill also recognizes that there is a portion of this portfolio which is seriously distressed and has deteriorated to such a point that it is no longer financially possible to continue as project-based housing. In this relatively small number of cases, residents would be protected with section 8 vouchers to enable them to continue to live in affordable housing.

While the bill will refocus HUD's efforts on enforcing rules against fraud and waste, it also recognizes HUD's admitted lack of capacity. Therefore, while HUD's staff management will be refocused on enforcement, the bill will place primary responsibility for conducting mortgage workouts with State and local housing finance agencies [HFA's]. A preference would be provided to qualified HFA's to oversee mortgage workouts.

By encouraging the involvement of the HFA's, the bill will build on the existing financial and housing management expertise which already exists at the State and local level. The HFA's are already accountable to the public interest and have extensive experience in working with this portfolio.

Also, residents of affected properties would be provided with an opportunity for input in a communitywide consultation process, and will be provided adequate notice, access to information, and an adequate time period for analysis and comment.

Mr. President, during the 104th Congress, the Banking Committee held a number of hearings and discussions with all interested parties on this issue. This legislation represents the culmination of that important effort. A general consensus of support has developed behind the committee's legislative framework.

As the committee continues its deliberations on this bill, there will be a

continuing opportunity for input from residents, owners, housing and finance experts, State and local governments, and HUD. I thank all members of the Banking Committee for their efforts on behalf of affordable housing and look forward to continuing our bipartisan commitment to resolving the HUD section 8 crisis.

ADDITIONAL COSPONSORS

S. 311

At the request of Mr. GRAHAM, the name of the Senator from Mississippi [Mr. COCHRAN] was added as a cosponsor of S. 311, a bill to amend title XVIII of the Social Security Act to improve preventive benefits under the medicare program.

S. 389

At the request of Mr. ABRAHAM, the name of the Senator from Mississippi [Mr. LOTT] was added as a cosponsor of S. 389, a bill to improve congressional deliberation on proposed Federal private sector mandates, and for other purposes.

S. 494

At the request of Mr. KYL, the name of the Senator from Alabama [Mr. SHELBY] was added as a cosponsor of S. 494, a bill to combat the overutilization of prison health care services and control rising prisoner health care costs.

SENATE JOINT RESOLUTION 6

At the request of Mr. KYL, the name of the Senator from Alabama [Mr. SHELBY] was added as a cosponsor of Senate Joint Resolution 6, a joint resolution proposing an amendment to the Constitution of the United States to protect the rights of crime victims.

NCAA DIVISION III MEN'S INDOOR TRACK AND FIELD CHAMPIONS

• Mr. KOHL. Mr. President, I recognize today an outstanding achievement in Wisconsin collegiate athletics. Over the weekend of March 7–8, 1997, the University of Wisconsin, La Crosse, captured the NCAA Division III Men's Indoor Track and Field Championship. A perennial powerhouse in men's track and field, the Eagles amassed 44 points to claim their 7th NCAA Division III men's indoor title and the 6th title under men's head coach, Mark Guthrie.

Paced by junior All-American David Whiteis' first place finish in the 400 meter dash, the Eagles demonstrated their team balance in both field and track events by placing finalists in the 1500 and 5000 meter runs; the 4 by 400 meter relay; the pole vault; the triple jump; and the 35-pound weight throw.

I have great respect for student-athletes, Mr. President, and in particular those student athletes who compete within the guidelines of the NCAA's Division III status. These student-athletes do not compete with the benefit of a scholarship; their only prize is pride and victory. It is with this spirit of competition that I salute head coach Mark Guthrie and the University of Wisconsin, La Crosse, Eagles Men's Track Team for their outstanding effort and dedication. Congratulations on a job well done.•

GOP TAX BREAKS HURT THE MIDDLE CLASS

• Mr. LAUTENBERG. Mr. President, yesterday, the Budget Committee walked through an analysis of the President's budget prepared by the Republican committee staff. And in anticipation of that meeting, I asked the Democratic staff of the committee to prepare an analysis of the Republicans' budget, or at least what we know of the Republican budget.

So far, we know that the Senate Republican leadership has proposed as their first two bills—S. 1 and S. 2—legislation that would provide $200 billion worth of tax breaks over the next five years.

Some Republicans have raised the possibility that those tax breaks might be deferred until after an initial budget agreement.

But Senator LOTT, Speaker GINGRICH, Senator ROTH, Congressman ARMEY, and others all seem very committed to large tax breaks.

And that means that sooner or later—perhaps as part of an initial agreement, or perhaps later—they would have to pay for those tax breaks.

The analysis prepared by the Democratic staff of the Budget Committee simply explains in a very straightforward, objective way what that would mean.

And, not surprisingly, it's devastating.

In the year 2002, 300,000 children would be denied participation in Head Start; because of cutbacks at the Justice Department, 11,000 additional criminals would be left free on the streets; a college education would be less attainable for as many as half a million students; 3.5 million children could be denied reading and math assistance; 2.75 million households would find themselves without heating assistance; 50 of the most hazardous toxic waste sites wouldn't get cleaned up; 250 VA medical and counseling centers could close; and 2,400 border patrol agents could be laid off.

The list goes on and on. And it really makes the case against large tax breaks for the rich.

Now, let me be clear that I remain very hopeful that we can move toward a bipartisan agreement to balance the budget.

But I hope that when the information included in this report becomes known, many of my Republican colleagues will rethink their tax breaks for the rich.

I ask that the text of the special report by the Senate Democratic Budget Committee staff be printed in the RECORD at this point.

The report follows:

MARAUDING THE MIDDLE CLASS—REPUBLICAN TAX BREAKS FOR THE RICH

AN ANALYSIS OF THE GOP TAX SCHEME AND ITS IMPACT ON NATIONAL PRIORITIES

(A Special Report of the U.S. Senate Budget Committee Democratic Staff, Mar. 19, 1997)

INTRODUCTION

In January, the Senate Republican leadership introduced two bills that provide massive new tax breaks, primarily for higher-income Americans. The leadership made enactment of S. 1 and S. 2 top priorities for the 105th Congress.

In the first five years, the tax breaks in these measures cost $200 billion. Over the next five years, costs rise by 60 percent for a ten-year total of $525 billion. In the subsequent ten-year period, the revenue loss increases dramatically, to more than $760 billion.

Not a single dime of these Republican tax breaks is paid for in the bills themselves, or in an overall budget plan for 1998. As a result, the Republican tax scheme would dramatically increase the budget deficit. If the Republican tax bills were enacted, deficits would rise from $121 billion in 1997 to $251 billion in 2002.

Since Republicans assert that they support balancing the budget by fiscal year 2002, providing tax breaks of this magnitude would require extreme cuts in programs that are critical to middle class Americans. These cuts would be far deeper than those proposed by the President in his balanced budget plan. Until now, however, there has been no discussion of these potential cuts. The Republican leadership has failed to offer a budget or to explain the reductions they intend to use to pay for their tax breaks. The American people have been kept in the dark about what the GOP tax scheme would mean for them.

In stark contrast, President Clinton has proposed a budget that balances in 2002, based on estimates by the Congressional Budget Office. The President's budget includes several tax cuts targeted to the middle class. However, by rejecting the Republicans' massive tax breaks for the wealthy, the President is able to protect important national priorities in education, environment, Medicare and Medicaid.

This analysis explains the depth of the cuts that would be required to pay for the Republican tax breaks and examines their impact on ordinary Americans. The report explores the kind of spending cuts Republicans are likely to make to pay for these massive tax breaks and still balance the budget in 2002. Under this scenario, the Republican tax breaks would result in cuts of up to one-third in areas such as education, environmental protection, crime prevention, transportation, and health care research. These cuts would dramatically reduce economic and other opportunities for ordinary Americans, and reduce the quality of life for the middle class.

In the coming months, the American people will have the opportunity to choose between the President's budget and the Republican proposal. We hope that this report will help Congress and the public make informed judgments about these competing approaches.

METHODOLOGY

This report calculates the impact of the Republican tax breaks using the approach proposed by Senator Robert Dole during his presidential campaign in 1996. Senator Dole advocated the enactment of extensive tax breaks paid for nearly exclusively through cuts in nondefense discretionary programs. Under Senator Dole's plan, nondefense discretionary programs would have been cut by nearly 40 percent.

This report evaluates the additional cuts that would be required in nondefense discretionary programs to offset the costs of the tax breaks included in the GOP tax scheme. Our focus is on the final year of a five-year budget agreement, in which the budget will be balanced.

To arrive at the appropriate figures, we have started with the baseline produced by the Congressional Budget Office (CBO), which anticipates the amount of spending that would be expected if current policies are continued. Using that baseline, outlays for nondefense discretionary programs are expected to total $321 billion in fiscal year 2002.

To achieve balance in 2002, President Clinton has proposed cuts in nondefense discretionary spending totaling $26 billion. This would represent an 8 percent reduction from the amounts required to maintain current policies. However, the President's budget provides a set of additional policies to ensure that the budget actually balances in that year, should economic or other conditions vary from the President's projections. The President does not believe that these ''fail safe'' policies will be needed, and recent economic data support that conclusion. However, if CBO's estimates prove correct, nondefense discretionary spending would be reduced by an additional $10 billion in 2002, for a total cut of $36 billion. This would amount to a reduction of 11 percent.

A comparison of the Republican tax breaks and the President's own revenue proposals shows that the additional tax breaks would lead to a deficit $67 billion larger than under the President's plan. The $67 billion figure is based on estimates by the Joint Committee on Taxation. Assuming that these additional costs would be offset through cuts in nondefense discretionary programs, as Senator Dole proposed, the total cuts in these programs would amount to $103 billion in 2002. This represents a cut from current policy of 32 percent. These cuts are far deeper than a freeze or even last year's Republican budget. These cuts are 24 percent deeper than those made by the President in his alternative budget. These nondefense discretionary paths are shown in the table below.

This report explains what a 32 percent cut would mean for a range of domestic programs of importance to ordinary Americans. The 32 percent figure represents an average of the cuts that would be needed. Of course, Congress could propose higher levels for particular programs; however, any such increases would have to be offset by even deeper cuts in other programs.

NONDEFENSE DISCRETIONARY SPENDING IN FISCAL YEAR 2002

[Dollars in billions]

	Spending level	Real reduction [1] (percent)
CBO uncapped baseline	$321	0
President's budget	294	−8
President's alternative	285	−11
Freeze at 1997 level	272	−15
Last year's Republican budget	245	−24
Republican plan	217	−32

[1] Reductions from CBO's uncapped baseline of March 1997, which represents the 1997 enacted level adjusted for inflation in each subsequent year.

IMPACT OF A 32 PERCENT CUT ON DOMESTIC PRIORITIES

Nondefense discretionary spending includes programs that rely on funding through annual appropriations. These include programs for education and training, environmental protection, law enforcement, transportation, and health research, among others.

In 1996, nondefense spending totaled $267 billion, or about 17 percent of total Federal spending. Measured as a share of the economy, nondefense spending has fallen from 5.2 percent in 1980 to its current low level of 3.5 percent. A reduction of 32 percent would reduce this component of the budget to 2.2 percent of GDP, the lowest level since at least 1940.

A reduction of this magnitude would require a dramatic reduction in public investments that promote economic growth. These investments are primarily in the nondefense discretionary part of the budget, and include expenditures for major capital investment, research and development, and education and training programs. Deep cuts in these programs could harm our Nation's economy in the future.

State and local governments are also likely to be hit hard by these reductions. Some discretionary programs viewed as ''essential Federal functions'' will be spared deep cuts. These include funds for operating Social Security and veterans programs. To the extent that these programs are cut less than 32 percent, other programs will have to be cut more deeply. State and local grants are likely to bear a larger share of the cuts since they are not tied to the central role of the Federal government. These cuts—on top of those in last year's welfare reform bill and perhaps further cuts in Medicaid—would be difficult for States and localities to handle without reductions in crucial public services, or tax increases.

Federal grants help State and local governments finance programs covering most areas of domestic public spending. Federal grant outlays were $228 billion in 1996, or 15 percent of total Federal outlays, and are estimated to increase to $291 billion by 2002. Reducing the Federal commitment by a third would make it more difficult for States and localities to provide critical domestic services, such as public education, law enforcement, roads, water supply, and sewage treatment.

DENYING EDUCATIONAL OPPORTUNITIES

Head Start. A 32 percent cut ($1.4 billion) in Head Start in 2002 would deny about 300,000 children aged 3–5 the opportunity to benefit from this effective pre-school program, which provides comprehensive child development, education and nutrition services.

Education of the Disadvantaged. A 32 percent cut for the Title I program would eliminate reading and math assistance to about 3.5 million poor children. This is likely to lead to reduced academic performance and fewer economic opportunities for many of these children.

Children with Disabilities. A 32 percent cut in the Special Education program would reduce critical educational services that are now provided to 6 million children with disabilities. It also would make it impossible for the Federal government to meet its statutory goal of sharing 40 percent of the costs of special education. Today, the Federal government is providing only 8 percent of these costs, a level Senate Republicans have sharply criticized as irresponsible. But under a 32 percent discretionary cut, the Federal share would be reduced even further—to 6 percent or less by 2002.

Pell Grants. A 32 percent cut in the Pell Grant program could make a college education less attainable for as many as a half a million students by substantially reducing the value of the grants.

Job Corps. A 32 percent reduction in the successful Job Corps program could lead to the closure of about 40 job centers, thus denying job training opportunities to an estimated 20,000 disadvantaged youths. Nearly 64,000 people are currently enrolled at 115 centers. This type of cut could mean that there would be fewer Job Corps centers in 2002 than there were in the late 1970s.

THE REPUBLICAN TAX BREAKS

The Republican tax plan, as embodied in S.1 and S.2, would increase the deficit by $200 billion over the next five years. In contrast to the President's budget, the Republican plan includes no proposals to offset any of these costs.

The Republican tax breaks greatly increase the deficit in the first five years and then the costs explode in future years. In fact, these tax breaks will swell to $325 billion from 2003 to 2007, a 60 percent increase. The Republican tax package will cost more than the tax breaks contained in the final version of the Contract with America budget that President Clinton vetoed in the last Congress.

A large component of the Republican tax plan is geared toward the very wealthy. The capital gains tax break would provide a windfall to persons with large holdings. In addition, the estate tax break would benefit those who inherit estates from the top 1 percent of wealthy individuals. This tax break would provide a windfall for people inheriting estates up to $21 million. The IRA tax break included in the Republican proposals is similar to the President's proposal, but is more geared to those with higher incomes.

WEAKENING ENVIRONMENTAL PROTECTIONS

Toxic waste clean up. A 32 percent cut in the Superfund program would postpone new cleanup activities at more than 50 of the most hazardous toxic waste sites and delay the completion of cleanups at more than 20 additional sites in 2002. These delays would subject communities to additional health risks, and impede economic development that could create many jobs.

Clean water. A 32 percent cut in Clean Water programs could eliminate more than 250 loans to municipalities across the country to ensure that our lakes, streams and rivers are clean and safe. The likely would be dirtier water, and perhaps additional health hazards.

Inspection activities. A 32 percent cut in environmental enforcement could result in a reduction of more than 13,000 enforcement actions. This could prevent EPA from halting unlawful pollution, lead to worsening environmental conditions, and let many wrongdoers off the hook. Activities that could be affected include: asbestos inspections in public/commercial buildings, compliance with Clean Air Act standards, and the monitoring of the Nation's drinking water.

National Parks and Refuges. A 32 percent cut in the NPS could eliminate maintenance at 90 national parks, while the U.S. Fish and Wildlife Service could eliminate funding for more than 100 wildlife refuges. This cut could also lead to increased entrance and activity fees.

CUTTING LAW ENFORCEMENT

Prosecuting Criminals. A 32 percent reduction in funding for the U.S. Attorneys' office would mean that at least 19,000 fewer persons accused of violent crime, drug smuggling, and organized crime activity would be prosecuted and 11,000 criminals who otherwise would be serving prison sentences would instead be free citizens.

Prisons. A 32 percent cut in prison funding could reduce by 42,000 the number of prison cells available to hold serious offenders. This would mean that thousands of criminals would be left on the streets. By contrast, the President's budget provides full funding for the Federal prison system by the year 2002.

Controlling Illegal Immigration and Drug Trafficking. A 32 percent cut in the Immigration and Naturalization Service would require the dismissing of 2,400 Border Patrol Agents. Since the preponderance of these Agents are deployed along the Southwest

Border, it is likely that illegal immigration along the California, Arizona, New Mexico and Texas perimeter would rise.

Byrne Grants. A 32 percent reduction could mean that 1,500 fewer formula grants would be made by states from the Edward Byrne Memorial State and Local Law Enforcement Assistance program. These grants give states broad assistance with the functioning of their criminal justice systems—with emphasis on violent crime and serious offenders—and with the enforcement of Federal drug laws.

REDUCING INVESTMENT IN TRANSPORTATION

Federal-aid Highways. A 32 percent cut in this program would eliminate $6.7 billion in federal assistance to the states for highway projects and improvements in 2002. In addition, to achieve a 32 percent cut in outlays in 2002, tight caps on obligations would have to be set by the Congress in the preceding years. Already, all levels of government are spending approximately $15 billion less than the level necessary to maintain our highway system at its current level of performance. In addition, since the U.S. Department of Transportation estimates that each $1 billion spent on transportation creates 40,000–50,000 jobs, a cut of this magnitude could result in the loss of approximately 300,000 jobs in 2002 alone.

Federal Transit Administration. A 32 percent cut in FTA funding would reduce the amount available for key mass transit programs by about $1.5 billion. This could adversely affect many of our nation's public transportation systems, particularly the smaller and medium-sized systems that depend more heavily on federal assistance and have fewer resources at their disposal. Transit agencies would have to either raise fares or reduce service, or both, to try to deal with reduced federal assistance. In addition, funding for the purchase of buses and rail vehicles would decline significantly, and transit new starts would be delayed or abandoned. Congestion and air pollution in major urban areas would increase because, as transit service is reduced, commuters would revert to automobiles.

FAA operations. A 32 percent cut would severely harm FAA's ability to maintain safe skies. Airline traffic is expected to increase over the next few years, so FAA's increased workload will require more federal funding, not less. A cut of more than $1 billion could result in a staff reduction of 10,000 employees, including many safety personnel (controllers, technicians, and inspectors). Efforts to modernize the air traffic control system could be harmed. The result could be much less frequent and less comprehensive inspections of aircraft and an insufficient number of controllers to handle current and projected volumes of air traffic.

CUTTING SCIENCE AND ENERGY RESEARCH

National Science Foundation. A 32 percent cut in NSF would be $1.2 billion in 2002, and would result in the elimination of more than 6,000 research and education grants in science and engineering to universities and other research institutions.

Department of Energy. A 32 percent cut in the DOE would mean that civilian research-related activities performed at more than 20 Department of Energy's labs located throughout the country would be but by more than $900 million.

HARMING OTHER DOMESTIC PRIORITIES

National Institutes of Health. A 32 percent cut in NIH in 2002 would mean a $4.5 billion reduction in funds for medical research from a projected level of $14.6 billion. This would be $2.8 billion below the Fiscal Year 1997 appropriated level. The $4.5 billion cut is equivalent to the entire budget of the National Cancer Institute.

Veterans Medical Care. A 32 percent cut in the Veterans Administration could result in closing more than 250 VA medical facilities and counseling centers, could deprive more than 800,000 veterans access to VA medical care and could add more than 3 weeks to the waiting time for a service-connected compensation benefit claim.

Housing. The Section 8 program provides basic housing assistance for America's poor, disabled, and elderly. A 32 percent cut in this program translates into more than 800,000 fewer housing units. That means approximately 2.2 million people would lose housing assistance, including approximately 760,000 elderly and disabled Americans.

CDBG. Community Development Block Grants are used by cities to help finance housing rehabilitation, economic development, and large-scale physical development projects. On average, every dollar spent for CDBG leverages $2.31 in private and other investment. A 32 percent CDBG cut would bring funding down to $3.5 billion in 2002, 27 percent less than 1997. For many communities, that would be a substantial cut.

Drug Elimination Grants. A 32 percent cut would mean that these grants, which are used to fight drugs and crime in public housing, would be reduced by $107 million to $224 million in 2002.

Special Supplemental Feeding Program for Women, Infants and Children (WIC). WIC would be cut by $1.4 billion under this scenario. Nearly 2.5 million fewer women, infants and children would receive benefits. WIC provides supplemental coupons for specialized foods to low-income families as well as nutritional, educational and health care referrals. Studies show that the WIC program improves birth outcomes and has reduced the incidence of childhood anemia.

Low Income Housing Energy Assistance Program. A 32 percent cut in LIHEAP could mean that about 2.75 million households could find themselves without heating assistance. The LIHEAP program serves low income families and senior citizens who otherwise might not be able to afford heating in winter.

ALTERNATIVE WAYS TO PAY FOR REPUBLICAN TAX BREAKS

As explained above, this study has calculated the effect of the Republican tax breaks using the approach adopted by Senator Robert Dole in last year's presidential campaign. Senator Dole offset most of the costs of his proposed tax breaks by cutting nondefense discretionary spending. This approach seems likely to be adopted again, especially given strong public opposition to past Republican proposals for cuts in Medicare, Medicaid and other mandatory programs. However, considering their record in the past, it remains possible that the Republicans would choose other methods to pay for their large tax breaks.

To help explain an alternative scenario for offsetting GOP tax breaks, the table below shows the relative contribution of different categories of spending to the spending cuts in last year's budget resolution.

DISTRIBUTION OF SPENDING CUTS IN REPUBLICAN BUDGET: 1996

[Dollars in billions]

	Last Year's GOP Budget	
	Amount	Percent
Discretionary	−$233	34
Medicare	−158	24
Medicaid	−72	11
Other mandatory	−195	30
Total	−657	100

If Republicans chose to distribute the additional cuts to these programs, in addition to nondefense discretionary, both Medicare and Medicaid cuts would increase dramatically from the levels proposed by the President. Medicare would receive nearly one-quarter of any additional cuts, and Medicaid cuts would increase by 14 percent. The table below shows how dramatically the cuts in the President's budget for Medicare would rise under this scenario, over a five- six- and seven-year period.

DISTRIBUTION OF ADDITIONAL SPENDING CUTS TO MEDICARE AND MEDICAID, BASED ON PREVIOUS REPUBLICAN BUDGET

[In billions of dollars]

Medicare:	
President's budget	−88
President's plus Republican cuts:	
5-year ($200)	−138
6-year ($256)	−181
7-year ($290)	−239

Note: President's budget cuts assume alternative policies that achieve a balanced budget under CBO assumptions.

With the additional cuts, the cumulative reductions in Medicare would grow from the $88 billion in the President's balanced budget to $138 billion over five years. Over six years, cuts would increase to $181 billion and the seven-year total would reach $239 billion.●

REV. DR. EDGAR L. VANN, JR.

● Mr. LEVIN. Mr. President, I have the honor of paying tribute to a great civic and religious leader and a dear friend, Rev. Dr. Edgar Leo Vann, Jr. On April 13, 1997, Reverend Vann will be celebrating his 20th anniversary as pastor of the Second Ebeneezer Baptist Church in Detroit, MI.

Reverend Vann has been a longtime champion of civil rights and social justice. He serves on the executive boards of numerous Michigan civic organizations, including the Michigan Civil Rights Commission, the Detroit Empowerment Zone Corp., the Michigan Commission of Human Rights, and the Detroit Urban League.

As a member of the National Baptist Convention USA and the President of the Council of Baptist Pastors of Detroit and Vicinity, Reverend Vann is widely recognized as a religious leader. He currently ministers to more than 2,000 people at two consecutive Sunday services. Under his leadership, the Second Ebeneezer Baptist Church maintains more than 50 active ministries.

One of Reverend Vann's most noted achievements in recent years was the purchase of a new home for his congregation. The new sanctuary was purchased in 1993 and, after extensive renovations, held its grand opening less than one year later.

A religious and civic leader, Rev. Dr. Edgar L. Vann, Jr. has been an integral part of the Detroit community for many years and will continue to play an important role in the years ahead. I hope my colleagues will join me in congratulating Reverend Vann on his 20 years as pastor of the Second Ebeneezer Baptist Church, and in wishing him well as he continues at the

helm of this important Detroit institution.●

TRIBUTE TO JOAN K. STEVENS

● Mr. ROBB. Mr. President, I rise today in order to commend and acknowledge Ms. Joan K. Stevens, who is retiring from the White House Military Office after more than 25 years of dedicated service to her country. Ms. Stevens has loyally assisted six Presidents as a liaison to the military and has had the kind of impact on peoples' lives that demands respect and compels our sincerest appreciation. She has facilitated over 500,000 military inquiries from the public and it is because of individuals such as Ms. Stevens that a healthy communication endures between the Commander in Chief and our troops out in the field.

Ms. Stevens first began working in the Special Counsel's Office of the White House in July of 1972 . She later spent time in the First Lady's Office in February of 1973. In November of 1974, however, Ms. Stevens found her calling and the WHMO, in turn, discovered an invaluable and faithful staffer. She has been there ever since, working diligently to perpetuate the idea that the men and women of our Armed Forces are indeed important and have a discernible voice in our government that must be heard.

Also noteworthy is the fact that Ms. Stevens has, for more than two decades, been the single point of contact for the thousands of Presidential condolence letters to the next-of-kin of active duty personnel who have tragically died in military related accidents. Paying tribute to America's fallen warriors is an obligation that begins with the leadership of this country. It is hard to imagine the responsibility and burden Ms. Stevens' has ultimately shouldered on behalf of a grateful nation.

In recognition of her efforts and devotion, Ms. Stevens was recently awarded the Secretary of Defense Public Service Medal. It is clear Ms. Joan Stevens will be missed dearly. Still, as a fellow Virginian, the State Ms. Stevens has called home for over 26 years, I am truly honored to have the opportunity today to congratulate her on a remarkable career and salute her commitment to the President, the Armed Forces of the United States, and most importantly, to the American people. Mr. President, I ask that you join me, our colleagues both here and in the White House, and the family and friends of Ms. Joan K. Stevens, in expressing our heartfelt gratitude to this exemplary public servant.●

TRIBUTE TO MS. ARLENE DESEMONE

● Mr. REED. Mr. President, I pay tribute to a proud member of the Rhode Island community, Ms. Arlene DeSemone, who, sadly, passed away on March 11, 1997.

A leader in the insurance industry, Ms. DeSemone served as president of the Rhode Island Life Underwriters Association in 1992. She was president of the National Association of Insurance Women of Rhode Island from 1988 to 1990 and was named professional woman of the year by this organization in 1994. Ms. DeSemone received the R. Kelly Sheridan Award in 1996, as the outstanding life insurance professional of the year. In addition, Ms. DeSemone received the Lloyd Saunders Award for professional dedication to her clients and the industry, and served on numerous committees, including the first Rhode Island Department of Business Regulation Continuing Education Advisory Board.

Perhaps the greatest of Ms. DeSemone's contributions was her work in the fight against breast cancer. Despite her own personal struggle with the disease, Ms. DeSemone led the way in encouraging research efforts to find a cure for breast cancer. Ms. DeSemone cofounded the Rhode Island Breast Cancer Coalition in 1993, an organization whose initiatives received national praise and were recognized by President Clinton and the First Lady. The coalition continues to benefit from her efforts to raise consciousness about breast cancer.

Mr. President, I ask my colleagues to join me in remembering Ms. Arlene DeSemone for her many contributions to Rhode Island and selfless dedication to helping others. Certainly, Ms. DeSemone embodied the strength and determination we all seek to find in ourselves.●

RETIREMENT OF BILL BREW

● Mr. AKAKA. Mr. President, I rise today to note the impending retirement of Mr. William E. Brew, who currently serves as the minority general counsel of the Senate Veterans' Affairs Committee. As of April 4, his retirement date, Bill will have served 19 years and 1 day as a loyal and dedicated staff member of the U.S. Senate.

A veteran of the Vietnam war, Bill has held increasingly important positions of responsibility on the staff of the Senate Veterans' Affairs Committee. Since he was hired by Senator Alan Cranston in 1978, Bill has served as associate counsel, associate general counsel, minority counsel, deputy general counsel, general counsel, and most recently, minority general counsel to the committee.

Through the many political changeovers in the administration and Congress in his nearly two decades on Capitol Hill, Bill provided institutional continuity, serving as a source of reliable information and wise advice on legislation, policy, and procedure for Members of both parties.

Bill was closely involved in developing all of the major veterans initiatives that were enacted by Congress during this period. Among his major accomplishments are legislation relating to agent orange compensation, establishment of judicial review of veterans claims, establishment of the U.S. Court of Veterans Appeals, and creation of programs relating to the readjustment needs of Vietnam and post-Vietnam veterans.

In addition to these special accomplishments, Bill worked hard to become the Senate's foremost authority on veterans health care matters. He served as an invaluable resource to members of the committee on the medical needs of the diverse, 27 million-strong veterans population as well as on the legal, administrative, and structural nuances of the hundreds of Department of Veterans Affairs' hospitals, outpatient clinics, nursing homes, and domiciliaries.

Bill is well known for his logical, analytical, and deliberative mind. His patience and fairness are legendary, and few have been as adept at working in the heated, give-and-take atmosphere of the legislative process. His adherence to the very highest personal and professional standards has been a credit to the U.S. Senate. In short, Bill has been the veteran's veteran, that special individual whom Senators, professional staffers, administration officials, and veterans advocates have trusted to render an objective assessment on any particular veterans issue or to undertake any worthy cause in behalf of those who served.

Mr. President, I believe that I have a special insight into the qualities of this outstanding individual. In the days and months immediately following my appointment to the U.S. Senate in 1990, Bill Brew was one of the experienced hands who helped indoctrinate me in the complexities of veterans policy and the doings of the Veterans' Affairs Committee. Since then, I and my staff have relied on him for advice on issues major and minor. Whatever success I have had in the way of veterans legislation is in great measure due to his assistance.

Indeed, no one worked longer or harder to improve the condition of Hawaii's 120,000 veterans than Bill Brew. It was his experience and energy that fueled a series of committee investigations revealing VA's historical neglect of the Aloha State's veterans. As a consequence of these inquiries, VA established four new primary care clinics and readjustment counseling centers in Hawaii; tripled the size of the Honolulu outpatient clinic; began preparations to construct a VA medical center on Oahu; and, established a unique residential treatment center for Pacific-area veterans suffering from post-traumatic stress disorder.

So, Mr. President, it is with great reluctance that I extend Bill a fond farewell. I offer him my deep gratitude for the service he has rendered me and other members of this body over the last two decades. No one has worked harder to advance the public interest than this stellar public servant. I wish him well in all his future endeavors.●

RULES OF THE JOINT COMMITTEE ON PRINTING

• Mr. WARNER. Mr. President, pursuant to paragraph 2 of rule XXVI of the Standing Rules of the Senate, I submit the Joint Committee on Printing's Rules of Procedure, as unanimously adopted by the Joint Committee on March 13, 1997, to printed in the RECORD.

The rules follow:

JOINT COMMITTEE ON PRINTING

RULE 1—COMMITTEE RULES

(a) The rules of the Senate and House insofar as they are applicable, shall govern the Committee.

(b) The Committee's rules shall be published in the CONGRESSIONAL RECORD as soon as possible following the Committee's organizational meeting in each odd-numbered year.

(c) Where these rules require a vote of the members of the Committee, polling of members either in writing or by telephone shall not be permitted to substitute for a vote taken at a Committee meeting, unless the ranking minority member assents to waiver of this requirement.

(d) Proposals for amending Committee rules shall be sent to all members at least one week before final action is taken thereon, unless the amendment is made by unanimous consent.

RULE 2—REGULAR COMMITTEE MEETINGS

(a) The regular meeting date of the Committee shall be the second Wednesday of every month when the House and Senate are in session. A regularly scheduled meeting need not be held if there is no business to be considered and after appropriate notification is made to the ranking minority member. Additional meetings may be called by the chairman as he may deem necessary or at the request of the majority of the members of the Committee.

(b) If the chairman of the Committee is not present at any meeting of the Committee, the vice-chairman or ranking member of the majority party on the Committee who is present shall preside at the meeting.

RULE 3—QUORUM

(a) Five members of the Committee shall constitute a quorum which is required for the purpose of closing meetings, promulgating Committee orders or changing the rules of the Committee.

(b) Three members shall constitute a quorum for purposes of taking testimony and receiving evidence.

RULE 4—PROXIES

(a) Written or telegraphic proxies of Committee members will be received and recorded on any vote taken by the Committee, except at the organization meeting at the beginning of each Congress or for the purpose of creating a quorum.

(b) Proxies will be allowed on any such votes for the purpose of recording a member's position on a question only when the absentee Committee member has been informed of the question and has affirmatively requested that he be recorded.

RULE 5—OPEN AND CLOSED MEETINGS

(a) Each meeting for the transaction of business of the Committee shall be open to the public except when the Committee, in open session and with a quorum present, determines by roll call vote that all or part of the remainder of the meeting on that day shall be closed to the public. No such vote shall be required to close a meeting that relates solely to internal budget or personnel matters.

(b) No person other than members of the Committee, and such Congressional staff and other representatives as they may authorize, shall be present in any business session which has been closed to the public.

RULE 6—ALTERNATING CHAIRMANSHIP AND VICE CHAIRMANSHIP BY CONGRESSES

(a) The chairmanship and vice chairmanship of the Committee shall alternate between the House and the Senate by Congresses. The senior member of the minority party in the House of Congress opposite of that of the chairman shall be the ranking minority member of the Committee.

(b) In the event the House and Senate are under different party control, the chairman and vice chairman shall represent the majority party in their respective Houses. When the chairman and vice chairman represent different parties, the vice chairman shall also fulfill the responsibilities of the ranking minority member as prescribed by these rules.

RULE 7—PARLIAMENTARY QUESTIONS

Questions as to the order of business and the procedures of the Committee shall in the first instance be decided by the chairman, subject always to an appeal to the Committee.

RULE 8—HEARINGS: PUBLIC ANNOUNCEMENTS AND WITNESSES

(a) The chairman, in the case of hearings to be conducted by the Committee, shall make public announcement of the date, place and subject matter of any hearing to be conducted on any measure or matter at least one week before the commencement of that hearing unless the Committee determines that there is good cause to begin such hearing at an earlier date. In the latter event, the chairman shall make such public announcement at the earliest possible date. The staff director of the Committee shall promptly notify the Daily Digest of the Congressional Record as soon as possible after such public announcement is made.

(b) So far as practicable, all witnesses appearing before the Committee shall file advance written statements of their proposed testimony at least 48 hours in advance of their appearance and their oral testimony shall be limited to brief summaries. Limited insertions or additional germane material will be received for the record, subject to the approval of the chairman.

RULE 9—OFFICIAL HEARING RECORD

(a) An accurate stenographic record shall be kept of all Committee proceedings and actions. Brief supplemental materials when required to clarify the transcript may be inserted in the record subject to the approval of the chairman.

(b) Each member of the Committee shall be provided with a copy of the hearings transcript for the purpose of correcting errors of transcription and grammar, and clarifying questions or remarks. If any other person is authorized by a Committee member to make his corrections, the staff director shall be so notified.

(c) Members who have received unanimous consent to submit written questions to witnesses shall be allowed two days within which to submit these to the staff director for transmission to the witnesses. The record may be held open for a period not to exceed two weeks awaiting the responses by witnesses.

(d) A witness may obtain a transcript copy of his testimony given at a public session or, if given at an executive session, when authorized by the Committee. Testimony received in closed hearings shall not be released or included in any report without the approval of the Committee.

RULE 10—WITNESSES FOR COMMITTEE HEARINGS

(a) Selection of witnesses for Committee hearings shall be made by the Committee staff under the direction of the Chairman. A list of proposed witnesses shall be submitted to the members of the Committee for review sufficiently in advance of the hearings to permit suggestions by the Committee members to receive appropriate consideration.

(b) The Chairman shall provide adequate time for questioning of witnesses by all members, including minority members, and the rule of germaneness shall be enforced in all hearings.

(c) Whenever a hearing is conducted by the Committee upon any measure or matter, the minority on the Committee shall be entitled, upon unanimous request to the Chairman before the completion of such hearings, to call witnesses selected by the minority to testify with respect to the measure or matter during at least one day of hearing thereon.

RULE 11—CONFIDENTIAL INFORMATION FURNISHED TO THE COMMITTEE

The information contained in any books, papers or documents furnished to the Committee by any individual, partnership, corporation or other legal entity shall, upon the request of the individual, partnership, corporation or entity furnishing the same, be maintained in strict confidence by the members and staff of the Committee, except that any such information may be released outside of executive session of the Committee if the release thereof is effected in a manner which will not reveal the identity of such individual, partnership, corporation or entity in connection with any pending hearing or as a part of a duly authorized report of the Committee if such release is deemed essential to the performance of the functions of the Committee and is in the public interest.

RULE 12—BROADCASTING OF COMMITTEE HEARINGS

The rule for broadcasting of Committee hearings shall be the same as Rule XI, clause 3, of the Rules of the House of Representatives.

RULE 13—COMMITTEE REPORTS

(a) No Committee report shall be made public or transmitted to the Congress without the approval of a majority of the Committee except when Congress has adjourned; Provided, that any member of the Committee may make a report supplementary to or dissenting from the majority report. Such supplementary or dissenting reports should be as brief as possible.

(b) Factual reports by the Committee staff may be printed for distribution to Committee members and the public only upon authorization of the chairman either with the approval of a majority of the Committee or with the consent of the ranking minority member.

RULE 14—CONFIDENTIALITY OF COMMITTEE REPORTS

No summary of a Committee report, prediction of the contents of a report, or statement of conclusions concerning any investigation shall be made by a member of the Committee or by any staff member of the Committee prior to the issuance of a report of the Committee.

RULE 15—COMMITTEE STAFF

(a) The Committee shall have a professional and clerical staff under the supervision of a staff director. Staff operating procedures shall be determined by the staff director, with the approval of the chairman of the Committee, and after notification to the ranking minority member with respect to basic revisions of existing procedures. The staff director, under the general supervision of the chairman, is authorized to deal directly with agencies of the Government and with non-Government groups and individuals on behalf of the Committee.

(b) The chairman and vice chairman, on behalf of their respective bodies of Congress, shall be entitled to designate two senior staff members each. During any Congress in which both Houses are under the control of the same party, the ranking minority member, on behalf of his party, shall be entitled to designate two senior staff members.

(c) All other staff members shall be selected on the basis of their training, experience and attainments, without regard to race, religion, sex, color, age, national origin or political affiliations, and shall serve all members of the Committee in an objective, non-partisan manner.

RULE 16—COMMITTEE CHAIRMAN

The chairman of the Committee may establish such other procedures and take such actions as may be necessary to carry out the foregoing rules or to facilitate the effective operation of the Committee. Specifically, the chairman is authorized, during the interim periods between meetings of the Committee, to act on all requests submitted by any executive department, independent agency, temporary or permanent commissions and committees of the Federal Government, the Government Printing Office and any other Federal entity, pursuant to the requirements of applicable Federal law and regulations.●

MEASURE PLACED ON CALENDAR—H.R. 1122

Mr. LOTT. Mr. President, I understand that there is a bill that is due for its second reading this morning.

The PRESIDENT pro tempore. The clerk will report.

The legislative clerk read as follows:

A bill (H.R. 1122) to amend title 18, United States Code, to ban partial-birth abortions.

Mr. LOTT. Mr. President, I object to further proceedings on this matter at this time.

The PRESIDENT pro tempore. The bill will go to the calendar.

ADJOURNMENT UNTIL MONDAY, APRIL 7, 1997

Mr. LOTT. Under the order from last night, the Senate convened today because the House has not yet passed the adjournment resolution. They are in session now and in fact have been having a vote just in the last few minutes. So I expect that they will complete work before too long this afternoon. I understand that in fact the House will pass Senate Concurrent Resolution 14 at approximately 1:30 or 2 p.m. today.

I now ask unanimous consent that the Senate stand in adjournment until the hour of 12 noon on Monday, March 24, unless the House adopts the adjournment resolution, in which case the Senate will then automatically stand in adjournment under the provisions of Senate Concurrent Resolution 14 until the hour of 12 noon on Monday, April 7.

There being no objection, the Senate, at 12:02 p.m., adjourned until Monday April 7, 1997, at 12 noon.

NOMINATIONS

Executive nominations received by the Senate March 21, 1997:

DEPARTMENT OF STATE

STUART E. EIZENSTAT, OF MARYLAND, TO BE AN UNDER SECRETARY OF STATE, VICE JOAN E. SPERO, RESIGNED.

DEPARTMENT OF TRANSPORTATION

KENNETH M. MEAD, OF VIRGINIA, TO BE INSPECTOR GENERAL, DEPARTMENT OF TRANSPORTATION, VICE MARY STERLING, RESIGNED.

DEPARTMENT OF STATE

THOMAS R. PICKERING, OF NEW JERSEY, TO BE AN UNDER SECRETARY OF STATE, VICE PETER TARNOFF, RESIGNED.

THE JUDICIARY

ANABELLE RODRIGUEZ, OF PUERTO RICO, TO BE U.S. DISTRICT JUDGE FOR THE DISTRICT OF PUERTO RICO, VICE RAYMOND L. ACOSTA, RETIRED.

MICHAEL D. SCHATTMAN, OF TEXAS, TO BE U.S. DISTRICT JUDGE FOR THE NORTHERN DISTRICT OF TEXAS, VICE HAROLD BAREFOOT SANDERS, JR., RETIRED.

HILDA G. TAGLE, OF TEXAS, TO BE U.S. DISTRICT JUDGE FOR THE SOUTHERN DISTRICT OF TEXAS, VICE A NEW POSITION CREATED BY PUBLIC LAW 101–650, APPROVED DECEMBER 1, 1990.

IN THE COAST GUARD

VICE ADM. ROGER T. RUFE, U.S. COAST GUARD, TO BE COMMANDER, ATLANTIC AREA, U.S. COAST GUARD, WITH THE GRADE OF VICE ADMIRAL WHILE SO SERVING.

REAR ADM. JAMES C. CARD, U.S. COAST GUARD, TO BE COMMANDER, PACIFIC AREA, U.S. COAST GUARD, WITH THE GRADE OF VICE ADMIRAL WHILE SO SERVING.

IN THE ARMY

THE FOLLOWING-NAMED OFFICER FOR APPOINTMENT IN THE U.S. ARMY TO THE GRADE INDICATED WHILE ASSIGNED TO A POSITION OF IMPORTANCE AND RESPONSIBILITY UNDER TITLE 10, UNITED STATES CODE, SECTION 601:

To be lieutenant general

MAJ. GEN. CLAUDIA J. KENNEDY, 0000

IN THE NAVY

THE FOLLOWING-NAMED OFFICER FOR APPOINTMENT AS JUDGE ADVOCATE GENERAL OF THE U.S. NAVY AND FOR APPOINTMENT TO THE GRADE INDICATED UNDER TITLE 10, UNITED STATES CODE, SECTION 5148:

To be rear admiral

CAPT. JOHN D. HUTSON, 0000

THE FOLLOWING-NAMED OFFICERS FOR APPOINTMENT IN THE U.S. NAVY TO THE GRADE INDICATED UNDER TITLE 10, UNITED STATES CODE, SECTION 624:

To be rear admiral

REAR ADM. (1H) JOAN M. ENGEL, 0000
REAR ADM. (1H) JERRY K. JOHNSON, 0000

THE FOLLOWING-NAMED OFFICERS FOR APPOINTMENT IN THE RESERVE OF THE NAVY TO THE GRADE INDICATED UNDER TITLE 10, UNITED STATES CODE, SECTION 12203:

To be rear admiral

REAR ADM. (1H) THOMAS J. HILL, 0000
REAR ADM. (1H) DOUGLAS L. JOHNSON, 0000
REAR ADM. (1H) JAN H. NYBOER, 0000
REAR ADM. (1H) PAUL V. QUINN, 0000

IN THE AIR FORCE

THE FOLLOWING-NAMED OFFICERS FOR REGULAR APPOINTMENT IN THE U.S. AIR FORCE UNDER TITLE 10, UNITED STATES CODE, SECTION 531:

To be colonel

CHRISTOPHER R. KLEINSMITH, 0000
DAVID G. SCHALL, 0000
THOMAS E. SCOTT, 0000
TAKUO SONODA, 0000

To be lieutenant colonel

RICHARD E. BACHMANN, JR., 0000
RICHARD E. KARULF, 0000
JOHN C. LEIST, III, 0000
CARL M. LINDQUIST, 0000
MARK F. MATHEWS, 0000
JEFFREY L. MIKUTIS, 0000
LILLIAN E. PEREZ, 0000
STEPHEN G. WALLER, 0000

To be major

STEVEN L. BARTEL, 0000
ANN E. FARASH, 0000
KYLE C. NUNLEY, 0000

To be captain

STEVEN L. KLYN, 0000

IN THE ARMY

THE FOLLOWING-NAMED ARMY NATIONAL GUARD OF THE UNITED STATES OFFICERS FOR APPOINTMENT TO THE GRADE INDICATED IN THE RESERVE OF THE ARMY UNDER TITLE 10 UNITED STATES CODE, SECTIONS 12203 AND 12211:

To be colonel

HARRY L. BRYAN, JR., 0000
ROBERT F. DARAGAN, 0000
JAMES R. DAVIES, 0000
JAMES A. DI GIOVANNA, 0000
DAVID R. HAM, 0000
MARCUS R. HINES, 0000
ARLYN R. IRION, 0000
ROBERT L. JACKSON, 0000
RONALD D. JOHNSON, 0000
WARREN L. JOHNSON, JR., 0000
CHARLES T. KNOWLES, 0000
JAMES J. PARENTE, 0000
ORLAN L. PETERSON, JR., 0000
LAWRENCE W. PRIEBE, 0000
TERRY L. ROBINSON, 0000
THOMAS R. SPIVEY, 0000
ANDRE J. TROTTIER, 0000
WILLIAM L. WITHAM, JR., 0000

THE FOLLOWING-NAMED OFFICER FOR APPOINTMENT TO THE GRADE INDICATED IN THE U.S. ARMY AND FOR REGULAR APPOINTMENT (IDENTIFIED BY AN ASTERISK (*)) UNDER TITLE 10, UNITED STATES CODE, SECTIONS 624, 628, 531, AND 1552:

To be major

*PHUONG T. PIERSON, 0000

THE FOLLOWING-NAMED OFFICERS FOR APPOINTMENT TO THE GRADES INDICATED IN THE U.S. AIR FORCE AND FOR REGULAR APPOINTMENT (IDENTIFIED BY AN ASTERISK (*)) UNDER TITLE 10, UNITED STATES CODE, SECTIONS 624 AND 531:

To be colonel

MARILYN S. ABUGHUSSON, 0000
HELEN M. ALVERSON, 0000
JILL V. BAKER, 0000
KATHLEEN M. BARR, 0000
MARGARET A. BROWN, 0000
PATRICIA A. BUCK, 0000
ANNETTE J. COCKBURN, 0000
JANICE C. COLLINGS, 0000
QUANNETTA T. EDWARDS, 0000
LINDA N. FOOTE, 0000
COLLEEN L. GUTIERREZ, 0000
JACQUELINE D. HALE, 0000
FARLEY J. HOWELL, 0000
GWENDA A. MCCLURE, 0000
MARY E. MORAN, 0000
ERIC C. MURDOCK, 0000
ALAN G. PYSHER, 0000
PAMELA J. REIDY, 0000
LLOYD A. REINKE, 0000
SHIRLEY A. ROGERS, 0000
MARGARET J. WILLIAMS, 0000
SARAH E. WREN, 0000
SARAH A. WRIGHT, 0000

To be lieutenant colonel

RICHARD L. ABNEY, JR., 0000
JOHN C. ADKINS, 0000
JOYCE A. ADKINS, 0000
MATT ADKINS, JR., 0000
MARK L. ALLEN, 0000
DOUGLAS E. ANDERSON, 0000
HENDRIK J. ANTONISSE, 0000
DOUGLAS A. APSEY, 0000
MARY S. ARMOUR, 0000
RICHARD A. ASHWORTH, 0000
PAUL N. AUSTIN, 0000
JEFFREY M. BATEMAN, 0000
LEONOR P. BEAM, 0000
STEVEN D. BENTLEY, 0000
GARY M. BLAMIRE, 0000
PAULETTA D. BLUEITT, 0000
RANDY B. BORG, 0000
ROGER E. BOUSUM, 0000
SUSAN BROWN, 0000
ANNE S. BUTCHER, 0000
MIRIAM L. CAHILLYEATON, 0000
MARIEJOCELYNE CHARLES, 0000
AWILDA CIURO, 0000
KIT R. CLARK, 0000
ALAN R. CONSTANTIAN, 0000
GARY B. COPLEY, 0000
PATRICIA D. CORBIN, 0000
VALERIE P. COUNSMAN, 0000
CATHERINE M. DALBERTIS, 0000
LYNNETTE D. DAVIS, 0000
SCOTT M. DAWSON, 0000
KERRY M. DEXTER, 0000
DANIEL P. DICKINSON, 0000
*ALAN L. DOERMAN, 0000
MANUEL A. DOMENECH, 0000
DAVID L. DOTY, 0000
STEPHEN DRINAN, 0000
MARK D. DUBAZ, 0000
ROCHELLE M. DUCHARME, 0000
SANDRA J. EVANS, 0000
MICHAEL P. FITCH, 0000
STEVEN H. FLOWERS, 0000
DELORES G. FORREST, 0000
KENNETH L. FRANKLIN, 0000
SYLVIA C. FRIEDMAN, 0000
WILLIAM J. GAYNOR, 0000
YOLANDA A. GEDDIE, 0000
CAROLYN K. GOOCH, 0000
ROBERTA L. GOTT, 0000
MARJORIE A. GRAZIANO, 0000
DENNIS R. HADEEN, 0000
ROBERT U. HAMILTON, 0000
BRUCE D. HANNAN, 0000
DAWN M. HARL, 0000
ALICE J. HARVEY, 0000
PAMELA A. HATCH, 0000
HOWARD T. HAYES, 0000
DEBORAH H. HEAD, 0000

BARBARA J. HEILLER, 0000
CAROL F. HOFFMAN, 0000
LELA M. HOLDEN, 0000
MICHAEL P. HOLWAY, 0000
PHILIP L. HOPPER, 0000
MICHAEL J. HUGHES, 0000
MICHAEL W. HUTTON, 0000
DIANNE R. INUNGARAY, 0000
KENNETH C. JACOBS, 0000
BARBARA J. JOHNSTON, 0000
CYNTHIA R. JONES, 0000
CRAIG E. JORDAN, 0000
DENNIS W. JORDAN, 0000
RANI A. KOKATNUR, 0000
DONNA M. LAKE, 0000
KATHLEEN K. LARKIN, 0000
LAWRA A. LEE, 0000
ROBERT C. LENAHAN, 0000
SHARON R. LEYLAND, 0000
CYNTHIA R. LIGHTNER, 0000
SAMUEL J.P. LIVINGSTONE, 0000
ELIZABETH A. LOIKA, 0000
ELLEN K. LOSCHROWE, 0000
REBECCA A. MATTA, 0000
KIRK C. MAYNARD, 0000
MARGARET J. MCARTHUR, 0000
GAIL MCCAIN, 0000
THOMAS G. MCCAULEY, 0000
CHARLES S. MCDONALD, 0000
BRENDA J. MCELENEY, 0000
TIMOTHY R. MCGEE, 0000
PAUL D. MCGOUGH, 0000
JAMES F. MEYERS II, 0000
DAVID J. MIETZNER, 0000
*MICHAEL W. MILLER, 0000
*BRIAN D. MORR, 0000
KAY M. MURPHY, 0000
ELAINE B. MYERS, 0000
MARLON K. NAILLING, 0000
ANDREA R. NEUERBURG, 0000
MICHAEL K. O'CONNOR, 0000
ANTHONY F. OKOREN, JR., 0000
THOMAS M. OLIVE, 0000
KATHERINE M. O'ROURKE, 0000
*KELLY J. ORR, 0000
GREGORY L. PARISH, 0000
RONALD H. PEARSON, 0000
VIVIAN PEREZ, 0000
STEPHEN E. PRIZER, 0000
TODD M. RANDALL, 0000
CAROL L. RANDELL, 0000
SUSAN M. REYNOLDS, 0000
ALLAN L. RHOADS, 0000
THOMAS M. RICE, 0000
*RUSSELL S. ROGERS, 0000
JANICE B. RYCKELEY, 0000
DONALD W. SAMPSON, 0000
VENITA I. SAMPSON, 0000
SEAN P. SCULLY, 0000
DANNY G. SEANGER, 0000
KATHY E. SEARS, 0000
TRACY A. SHUE, 0000
WILLIAM C. SIMON, 0000
PAMELA L. SMITH, 0000
SARA A. SMITH, 0000
GEORGE R. SNYDER, JR., 0000
NORMAN B. SPECTOR, 0000
TERESA P. TAYLOR, 0000
TONI M. TUCKER, 0000
JODI A. TULLMAN, 0000
WANDA VELEZBUSTOS, 0000
JOHN J. VINACCO, JR., 0000
CHRISTINE WAGENERHULME, 0000
VIRGINIA L. WERESZYNSKI, 0000
MARGARET A. WESBECHER, 0000
JOHN M. WEST, 0000
MARY Z. WHITFIELD, 0000
DONNIE R. WIDEMAN, 0000
STEVEN E. WILLIAMS, 0000
STEVEN A. WILSON, 0000
SANDRA J. WITTHAUER, 0000
CHARLES K. WOLAK, 0000
JENNIFER S. WOODRUFF, 0000
LINDA C. WRIGHT, 0000
SHARON B. WRIGHT, 0000
KEVIN E. ZIMMER, 0000
DON R. ZISS, 0000

To be major

RONALD A. ASCHER, JR., 0000
*MICHAEL BAHLATZIS, 0000
JOSEPH J. BALAS, 0000
*DEBRA A. BANKS, 0000
CLARK F. BEAN, 0000
MARILYN A. BEATTY, 0000
KATHI O. BECKMAN, 0000
JOHN M. BEERY, 0000
MICKEY C. BELLEMIN, 0000
PETER BENNIE, JR., 0000
RANDALL E. BLAKE, 0000
CHARLES H. BLAKESLEE, JR., 0000
LINDA L. BONNEL, 0000
MONROE A. BRADLEY, 0000
SCOTT W. BROOKS, 0000
KEVIN D. BROUSSARD, 0000
CYNTHIA E. BROWN, 0000
STANLEY D. BRUNTZ, 0000
RUSSELL L. BYRD, 0000
*STEVEN J. BYRNES, 0000
JOSEPH D. CALLISTER, 0000
SHELLEY D. CAMERON, 0000
*IDA E. CAMPBELL, 0000
DAVID T. CAREY, 0000
CHARLES R. CARLTON, JR., 0000
WILLIAM L. CARNES, JR., 0000
RANDALL A. CARPENTER, 0000
BRIDGET K. CARR, 0000
JOSEPH M. CARRAHER, JR., 0000
MICHAEL L. CARTER, 0000
MICHAEL W. CASEY, 0000
LINNES L. CHESTER, JR., 0000
JOHN L. CHITWOOD, 0000
*CRAIG J. CHRISTENSON, 0000
MICHAEL E. CHULICK, 0000
JEFFREY A. CIGRANG, 0000
JOHN H. COLEMAN, III, 0000
RANDALL S. COLLINS, 0000
*TERRANCE K. COLLISON, 0000
TAMMY J. COOK, 0000
PETER K. COUTURE, 0000
DEBORAH A. CRENSHAW, 0000
RALPH K. CROW, 0000
JOHN M. DATENA, 0000
*BARBARA E. DAVIS, 0000
CHARLOTTE Y. DAVIS, 0000
THOMAS P. DEVENOGE, 0000
*TRACY G. DILLINGER, 0000
LESLIE L. DIXON, 0000
JUDY A. DOWELL, 0000
JAMES S. DUNNE, 0000
JACALYN K. EAGAN, 0000
*RICHARD G. EDDINGTON, 0000
MARK A. ELLIS, 0000
ELLEN C. ENGLAND, 0000
NANCY K. FAGAN, 0000
STEPHEN D. FAIRCHILD, 0000
DAVID M. FARRELL, 0000
DENNIS W. FAY, 0000
DENISE Y. FISHER, 0000
JERRI L. FLETCHER, 0000
DANIEL G. FLYNN, 0000
JOHN L. FLYNN, 0000
*KAREN L. FOUST, 0000
STEPHEN J. FRIEDRICH, 0000
RICARDO GARCIA III, 0000
GALEN G. GEARHEART, 0000
MARGARET A. GERNER, 0000
KARIN R. GETSCHOW, 0000
JOSEPH L. GIGLIO, 0000
LYNANNE GILMER, 0000
KEVIN W. GLASZ, 0000
ANDREW M. GLAVES, 0000
DONOVAN Q. GONZALES, 0000
WILLIAM J. GOODEN, 0000
MARY K. GRAVES, 0000
DENISE T. GREEN, 0000
JOHN R. GREEN, 0000
JOHN C. GRIFFITH, 0000
KEITH M. GROTH, 0000
BETSAIDA H. GUZMAN, 0000
THOMAS S. HAINES, JR., 0000
SAMUEL D. HALL III, 0000
MICKRA K. HAMILTON, 0000
JAMES T. HARCARIK, 0000
MARYANNE H. HAVARD, 0000
MARGARET C. HAWKINS, 0000
ALVIS W. HEADEN III, 0000
ANNE P. HEINLY, 0000
SANDRA J. HESTER, 0000
ANETTE HIKIDA, 0000
STEVEN R. HINTEN, 0000
WILLIAM V. HOAK, 0000
VALERIA S. HUDSPATH, 0000
MARIA D. IONESCU, 0000
HARRY B. JEFFRIES, JR., 0000
JOHN E. JEMISON, 0000
HAROLD T. JOHNSON, 0000
JOHN J. JOHNSON, 0000
MONNIE J. JOHNSON, 0000
REGINA M. JULIAN, 0000
EMERY L. KELLY, 0000
STACY A. KELLY, 0000
STEPHEN D. KETTE, 0000
*RONALD M. KICHURA, 0000
GREGORY F. KING, 0000
WITT LISA KLIEBERT, 0000
*THERESA D. KLOSE, 0000
SANDRA A. KNUTSON, 0000
MARK A. KOPPEN, 0000
LINEHAN KRISTINE M. KRUMINS, 0000
RONALD L. LAHTI, 0000
PETER T. LAPUMA, 0000
CYNTHIA L. LEEZIEGLER, 0000
VERNON T. LEW, 0000
*JAMES C. LINN, 0000
JOHN M. LOPARDI, 0000
LINDA S. MACCONNELL, 0000
CAROLYN M. MACOLA, 0000
BAILEY H. MAPP, 0000
KIMBERLY J. MARKLAND, 0000
*VALERIE E. MARTINDALE, 0000
MICHAEL L. MATTESON, 0000
ANTOINETTE C. MATTOCH, 0000
THOMAS D. MCCORMICK, 0000
FRANKIE D. MCDANIEL, 0000
*MARGARET MEADOWS, 0000
SUSAN E. MERRICK, 0000
*JOY M. MILLER, 0000
DAVID G. MISTRETTA, 0000
*EUGENE S. MONTANO, 0000
ROBIN S. MORRIS, 0000
ALLEN R. NAUGLE, 0000
LESLIE K. NES, 0000
GHITIANA M. OATIS, 0000
MARCOS OTERO, 0000
FRANK W. PALMISANO, 0000
CHERYL S. PARIDEE, 0000
RAYMOND J. PARIS, 0000
CRAIG A. PASCOE, 0000
JOHN M. PATELLA, 0000
LESLIE L. PAULEY, 0000
BRUCE D. PETERS, 0000
RICHARD M. PETERSON, 0000
RICHARD A. PHINNEY, 0000
KEVIN F. PILLOUD, 0000
*GARY L. POLAND, 0000
*MICHAEL R. POWELL, 0000
KEVIN S. PURVIS, 0000
JANE L. QUITTMEYER, 0000
JENNY H. RAINWATER, 0000
SARA M. RAMIREZ, 0000
KATHERINE S. REARDEN, 0000
DANIEL E. REISER, 0000
MELVIN F. RICHARDS, 0000
MELANIE F. RICHARDSON, 0000
BRIAN L. RIGGS, 0000
RONALD T. RIPPETOE, 0000
PAUL R. RIVEST, 0000
WILLIAM P. ROACH, 0000
BETTY L. ROBERTS, 0000
DUSTIN K. ROBERTS, 0000
DAWN L. ROCKETT, 0000
ALEXANDER ROMEYN, 0000
LAURA J. ROSAMOND, 0000
VICTOR J. ROSENBAUM, 0000
*BENJAMIN A. RUBIO, 0000
KENNETH R. RUSSELL, JR., 0000
REBECCA L. SALASGROVES, 0000
CONRADO C. SAMPANG, 0000
SCOTT E. SANZOTTA, 0000
LEONARD W. SCHUBRING, 0000
REBECCA B. SCHULTZ, 0000
ERIC A. SHALITA, 0000
SCOTT M. SHIELDS, 0000
JANIS A. SILVERI, 0000
*GARY R. SMALL, 0000
MARK E. SMALLWOOD, 0000
DETLEV H. SMALTZ, 0000
JEANNE K. SMITH, 0000
LISA SMITH, 0000
ROGER G. SPONDIKE, 0000
BRIAN K. STANTON, 0000
*JAMES C. STIGERS, 0000
RICKY A. STOCKTON, 0000
HELEN ANN STRACK, 0000
ROGER D. STULL, 0000
CHARLES F. SURMAN, 0000
THOMAS L. TEAGLE, JR., 0000
MARK S. WHITE, 0000
ANDREW P. WIDGER, 0000
ROBERT W. WISHTISCHIN, 0000
WILLIAM D. WOODCOX, 0000
RICKY D. YOUNG, 0000
JON W. YOW, 0000
JESUS E. ZARATE, 0000